

**Right moves**

Elected student leaders think university life already makes too many concessions to minorities'

**The wine list**

Jancis Robinson begins her seasonal recommendations. This week: which reds you should be buying

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**On their toes**

'Jamaica's coach had to loosen up his players by teaching them that playing football was like dancing'

**Vital volumes**

Books of the year: from biography to fiction, art to politics, sport to food and drink

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US jobless falls to lowest level for 24 years

Interest rate rise thought unlikely while Asian financial crisis persists

By Gerard Baker
in Washington

Unemployment in the US fell to its lowest level in 24 years last month as the surging economy shrugged off the crisis in Asia and continued its record-breaking expansion.

The jobless rate dropped to a seasonally adjusted 4.5 per cent in November, the Labor Department reported yesterday, driven by an increase in non-farm payrolls of 404,000 - the biggest leap in nearly two years.

There were clearer signs than ever that the tightest labour market in a generation was beginning to produce rising wage pressures. Average hourly earnings advanced by 4.1 per cent in the year to November, maintaining the strong upward momentum seen in the last few months.

The figures initially raised fears in financial markets that the Federal Reserve might be forced to raise interest rates this month to head off inflation. Bond prices fell sharply on the news, stock prices in New York were lower at the opening, and the dollar soared, rising above Y130 against the Japanese yen for the first time in five and a half years.

But investors quickly recovered their poise as analysts concluded that, in spite



Source: Department of Labour

provoke inflation. The proportion of Americans in work - at 64 per cent - is the highest ever.

The number of jobs created last month was the highest since February 1996 and average monthly payroll employment increases in the last three months have been 280,000, a sharp acceleration from the already rapid pace of growth earlier this year.

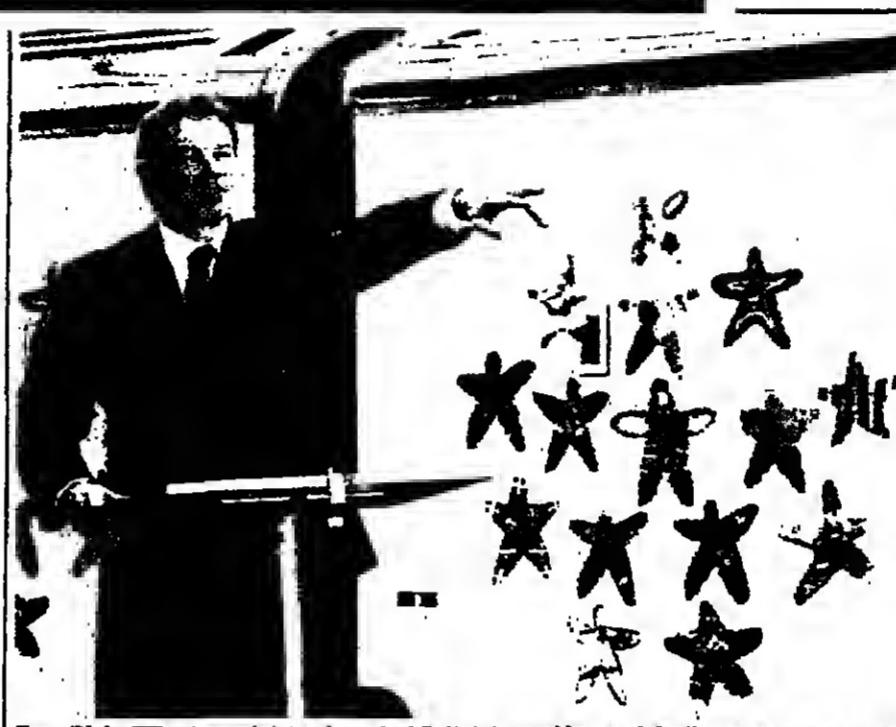
In October, before the crisis deepened, Alan Greenspan, the Fed chairman, warned the economy was on an unsustainable track and hinted that continued strong job growth would prompt the Fed to raise short-term interest rates.

But following the sharp fall in Asian stock markets and turbulence in US markets, Mr Greenspan revised his judgment, saying the effects on the US economy were likely to be salutary, suggesting they would slow demand by enough to obviate an interest rate rise.

Fed officials are also keenly aware that any increase in US interest rates could further destabilise global markets.

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Tony Blair, UK prime minister, launched Britain's presidency of the European Union at the Eurostar terminal in London's Waterloo station yesterday by unveiling its logo. The Eurostar train runs through the Channel tunnel between Britain and France. The logo was partly designed by children of the 15 member states Page 5

Soccer spurs Iran before conference

By Robin Allen

Not since the return of Iran's Ayatollah Khomeini from exile nearly 20 years ago has Tehran witnessed such emotional scenes as those sparked by the country's shock qualification for soccer's World Cup finals.

The prospect of playing in France in 1998 - with a first-round clash against the US - has sent the entire nation into a frenzy.

Thousands of female soccer enthusiasts defied the government last week and joined more than 100,000 of their male compatriots in Tehran's Azadi national stadium to welcome the team back from Australia, where it had clinched a place in the finals.

Now the authorities hope there may be an unexpected side-effect - the boosting of the morale of civil servants and contractors struggling to complete preparations for a high-level Islamic summit starting in Tehran on Tuesday.

For the government of Iran there is no doubt which of the two prestigious international events is more important, even if the people beg to differ.

Preparations for next week's summit of the Organisation of the Islamic Conference (OIC) - at which Tehran will play host to 35 heads of state - could do with an injection of the soccer fans' fervour.

Banks that became insolvent will not be saved, Mr Anwar said. Lending to property projects other than low-cost housing is to be halted, and applications for new stock market listings, rights issues and corporate restructuring frozen.

Seoul details IMF bail-out conditions, Page 3

Hussein Rafsanjani, whose government was responsible for the arrangements until it left office last August.

Some 2,000 delegates from the OIC's 53 member states are expected in attend plus a further 15 "special guest" delegations - at what is the biggest international event in Iran since the Islamic revolution.

Key topics will include discussions on how to "consolidate" the image of the OIC; boost confidence between its member states; find ways to solve regional conflicts in the Middle East, Afghanistan, Somalia and Azerbaijan; and improve trade and economic links between Islamic countries.

Speeches are likely to be laced with stinging denunciations of the US and Israel.

The venue for plenary sessions is the new international trade centre, still being completed in north Tehran. The brainchild of the Shah, who wanted facilities for up to 1,000 people, the project had got no further than the architect's drawing board by the time he was ousted.

The plans were dusted off five years ago and inspected by Mr Rafsanjani, who ordered the centre's capacity to be doubled. Iran's harassed officials have asked OIC states to confine their numbers to a total of 25 per member. Under pressure, Saudi Arabia has whittled its delegation down from 250 to 175.

Even at 25 apiece, it is doubtful whether there would be enough official Mercedes cars to transport all but the most senior delegates.

Markets rally as Malaysia launches tough austerity plan

By James Kyng
in Kuala Lumpur

Malaysia yesterday announced a sharp austerity package and a promise that "proxy" businessmen will no longer be bailed out.

The moves, set out by Anwar Ibrahim, deputy prime minister and finance minister, mark the country's most important policy shift since south-east Asia's financial crisis began in July. In late October yesterday the ringgit, in virtual free-fall this week, gained nearly 5 per cent to M\$1.2585 from the US dollar. Stock prices rallied, with the key index climbing 5.47 per cent to 607.4 points.

Federal government spending is to be cut by at

least 18 per cent next year - with an immediate reduction of 10 per cent.

"This is a watershed. It is almost an IMF [International Monetary Fund] package without the IMF," said the head of one brokerage house in Singapore.

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Mr Anwar has revised growth forecasts for this year downwards from 8 per cent to 7.5 per cent, and for next year from 7 per cent to 4.5 per cent.

He pledged to reduce the nation's current account deficit to 8 per cent of gross national product in 1998 against the 4 per cent target in October's budget.

The promise that no companies are to be bailed out follows anger last month when UEM, a profitable infrastructure company, was stopped in aid packages for Thailand, Indonesia and a record \$67bn rescue plan for South Korea. Malaysia has pledged to resist calling in the IMF.

As financial turmoil has rippled across Asia, the IMF has stepped in with aid packages for Thailand, Indonesia and a record \$67bn rescue plan for South Korea. Malaysia has pledged to resist calling in the IMF.

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News General

Tobacco legal threat

The German government is threatening legal action against the European Union's proposed ban on tobacco advertising. Chancellor Helmut Kohl described the planned measure as "incomprehensible". Several tobacco companies including Imperial are also considering a legal challenge, with the European magazine publishers federation saying that it would "fight this unfair measure all the way". Page 2

Taking stock of a benchmark divorce: A 450-page legal opinion from a Connecticut judge brought to a close the most acrimonious and heavily publicised US divorce case in years, with much emotive testimony from both GE Capital chief executive Gary Wendt and Lorna, his wife of 30 years. But in a development which speaks volumes about the state of wealthy Americans, the outcome hinged on an arcane dispute over how to value stock options. Page 4

Debate over genetic research: In the debate on the explosion in genetic research, many are expressing moral doubts about its future applications. But what is happening in reality is a striking contrast to the nightmare scenario many think such advances might lead to, with genetic testing already eradicating inherited disease in ways that appear to meet public approval. Page 8

Tennis tackles tournament tangles: The Association of Tennis Professionals has moved to streamline its tangled array of tournaments and titles. The changes would mean the public, bemused by the rankings and the plethora of meaningless events, would at last be able to understand how professional tennis works. However, persuading players change has not been easy. Page 4

Woman in the News

News Business

\$394m Yasuda pledge

Japanese government and business officials scrambled to avert another financial failure in Japan amid market unease about the health of Yasuda Trust Bank, the country's fourth-largest trust bank. Yasuda Trust's business allies pledged to contribute Y50bn (\$394m) in a capital-raising exercise after the company announced more restructuring, including a withdrawal from overseas commercial banking operations. The Bank of Japan also continued to flood the market with liquidity to try to avoid a credit squeeze at groups such as Yasuda. Page 24

Go-ahead expected for new Airbus: Airbus Industrie is expected to go ahead with the \$25bn development of two new aircraft in spite of the UK government's refusal to help fund the project. Industry observers say British Aerospace, one of the four Airbus partners, has had talks with foreign manufacturers about moving some of its work on the new aircraft abroad if the UK government does not change its mind. Page 2

UK soccer club enters debt market: Chelsea became the first UK soccer club to enter the debt market when Chelsea Village, its holding company, issued a £75m (\$125.25m) eurobond. About £35m of the proceeds will go on developing the 12.5-acre Chelsea Village site in London - thought to be worth about £55m - which includes the Stamford Bridge soccer ground. Chelsea is barred from using any of the eurobond proceeds to buy players. Page 22

Privatisation fails victim to "millennium bug": The biggest Dutch privatisation of the year estimated at F1.13bn (\$650m) collapsed when information technology company Getronics, the bidder for state computer services agency Rocca, said legal worries from the "millennium bug" made it too risky to proceed. The case is a striking example of the difficulties faced by the IT sector because of the inability of older software to distinguish between the years 2000 and 1900. Adam Taylor, a partner at London law firm Withers, said: "This is becoming more and more an issue in takeovers." Page 24

Kroll knows its cover: Kroll Associates, the private company of legendary corporate sleuth Jules Kroll and one of the most successful investigative firms operating in a world of secrecy and discretion, has come out of the shadows and into the glare of public company status through a merger with O'Gara, a publicly traded US security company which specialises in building bomb and bullet-proof limousines. Page 23

Woman in the News

Sonia Gandhi After her husband Rajiv's assassination, Sonia Gandhi resisted pressure to lead the Congress Party but nevertheless became one of its most influential figures. Now Congress is courting this Italian-born woman again, believing she could be an election winner. So far she has remained silent. Page 7

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NEWS: INTERNATIONAL

Bonn may challenge tobacco advert ban

By Our International Staff

The German government yesterday threatened to take court action against the European Union's proposed ban on tobacco advertising. Chancellor Helmut Kohl branded the deal reached by ministers late on Thursday to ban tobacco advertising as "incomprehensible".

Germany was one of four countries that opposed the ban or abstained in a vote on the European Commission's proposed directive, which aims to phase out tobacco advertising and sponsorship by October 2006.

However, the support of the 11 other nations provided just enough votes for a qualified majority for the

measure, which, barring a successful legal challenge, is expected to become law next year or in early 1998.

Several tobacco companies, including Imperial Tobacco, are also considering a legal challenge, which the Commission is confident of fending off.

The ban was criticised by industries hit by it. The European Magazine Publishers' Federation said it would "fight this unfair measure all the way". The German cinema industry said the ban could close a quarter of its outlets.

Under the proposals, cinema and billboard advertising would be banned three years after the measures are adopted. Newspaper adverts

would cease a year later and most sponsorship a year after that, although sponsorship of "world events" could continue for another three years.

The "world events" proposal helped secure the support of the UK, which wants to protect Formula One racing until alternative sponsors can be found. The British government said it was an excellent result.

In Germany, Horst Seehofer, federal health minister, said Bonn had "fundamental political and legal doubts" about the ban. It may have been in favour of a more rapid timetable for banning advertising and indicated his country might bring some of the measures into effect before the agreed deadlines.

His stance added to speculation about Spain's last-minute decision to abstain in the Thursday night vote along with Denmark.

Spanish officials said the

government did not wish to see the plans adopted against opposition from Germany and Austria. They would not say whether Mr Kohl had contacted José María Aguirre, Spanish premier, before the meeting.

There was speculation of a deal between the two men ahead of a European summit next week. In the UK, the pressure group Action on Smoking and Health claimed the Spanish U-turn was linked to plans to privatise the national tobacco industry. The Spanish government denies such claims.

Thursday's vote was carried because of a last-minute change of mind by Greece. Previously against a ban, it was won over by a concession.

Padraig Flynn, EU health commissioner, who steered the ban through, said it would improve the working of the EU internal market.

In the US, a tobacco deal that may go through Congress next year would include a ban on sports and arts sponsorship. The Food and Drug Administration has already used its licensing of nicotine as a drug to introduce some bans on advertising and sponsorship. Key parts of the regulations were overturned in courts last April but an FDA appeal should be decided shortly.

NEWS DIGEST

Defiant Botha wins delay

P.W. Botha, former president of South Africa, yesterday gained a two-week respite from testifying about human rights abuses under the apartheid regime after the country's Truth Commission made a mistake in its subpoena.

Archbishop Desmond Tutu, the commission chairman, led a procession of journalists through the streets of Cape Town to the office of the attorney-general, Frank Kahn, to lay charges against Mr Botha for failing to appear yesterday. Ignoring a commission subpoena carries a maximum sentence of two years in jail or a fine.

Mr Kahn said charges would not hold because the subpoena ordering Mr Botha to appear did not stipulate a time. Archbishop Tutu said a new subpoena would be served later ordering him to appear on December 19.

Mr Botha has been called to testify on the activities of the apartheid government's state security council, which he led as president.

Reuters, Cape Town

■ ISRAELI UNIONS

Strikes to resume tomorrow

Israel's unions yesterday said they would resume nationwide strikes tomorrow, a working day, after suspending them yesterday afternoon following three days of strikes which have paralysed the economy.

The strike, organised by the Histadrut, the trade union federation, shut down the international airport, railways, ports, government offices, banks and state-owned companies. They were called after the union and the finance ministry failed to reach agreement for pension reform and the government's privatisation plans. The union had earlier defied a back-to-work order by the labour court in their bid to put pressure on the finance ministry to make concessions.

Judy Dempsey, Jerusalem

■ PALME MURDER

Prosecutors seek retrial

Swedish state prosecutors yesterday filed for a fresh murder trial of the alleged assassin of Olof Palme, the prime minister murdered in 1986.

Prosecutors told the Supreme Court that new evidence had emerged that justified a retrial of Christer Pettersson, the 50-year-old Swede who was convicted but later acquitted of the murder in 1988.

The court, which has received a 33-page submission on the assassination from prosecutors, could order a new trial next year. Legal experts in Stockholm, however, said the case against Mr Pettersson remained largely circumstantial. He was acquitted eight years ago after an appeal court decided there was insufficient evidence against him.

Tim Burt, Stockholm

■ CZECH POLITICS

Coalition parties to try again

Václav Klaus, the Czech prime minister, said yesterday the three parties of the ruling coalition would try together to form a new government without any other political groups.

However, Mr Klaus, who resigned with his cabinet last Sunday over a party funding scandal, told a news conference after talks among the three parties which made up the old government that it was not clear whether any such new administration could survive until scheduled elections in 2000.

President Václav Havel said he wanted to avoid having to call early elections and that a new cabinet should come from the current centre-right ruling coalition.

"I am of the opinion that the new government, even a temporary government, must come out of the initiative of the current coalition and enjoy its support," Mr Havel said.

Reuters, Prague

■ FINANCIAL SERVICES

Malaysian offer to insurers

Malaysia yesterday formally tabled its long-awaited offer in the World Trade Organisation talks to liberalise financial services markets, due to conclude next Friday. The offer permits foreign insurers to take a majority 51 per cent interest in Malaysian insurance companies, from 49 per cent now.

However, Malaysia has refused to guarantee existing foreign stakes over that level, despite heavy US pressure. The fight by American International Group (AIG) of the US to retain its wholly owned branch in Malaysia has become a big obstacle in the negotiations.

Frances Williams, Geneva

■ US-EU SUMMIT

Police co-operation 'slow'

The US and European Union agreed yesterday to deepen their co-operation in police matters – in spite of frustration in Washington over what it sees as the slowness of European countries to co-ordinate their own efforts in this field.

At a US-EU summit, part of an effort to broaden transatlantic relations, the two sides pledged to exchange law enforcement officers, and in particular to combat the "white slave trade" in women from eastern Europe lured to other countries to work as prostitutes.

The US and EU have already been working together to crack down on the drug problem in the Caribbean. But US officials say they are disappointed by the slow progress of European Union interior ministries' attempts to pool their crime-fighting efforts. The US had no views to offer on how exactly European institutions should function, but transatlantic co-operation would be easier if there was a clearer structure on the EU side, said one senior US official.

Bruce Clark, Washington

■ SURINAM DICTATORSHIP

Plan for 'truth commission'

Surinam will establish a South African-style truth commission to investigate reported murders and human rights abuses under the military dictatorship in the 1980s of Desi Bouterse, who took power after overthrowing the elected government. Partial or full amnesty has been promised to anyone who confesses to the commission.

The commission will also investigate the murder at an army camp in 1982 of 15 opponents of Mr Bouterse, including several journalists. The former strongman had previously prevented investigations into the reports of murder and other abuses when he ruled the former Dutch colony of 400,000 people, located in north-eastern South America.

Caron James, Kingston

■ CANADIAN STRIKE

Mailmen promise free post

Angry Canadian postal workers have returned to work vowing to process mail for free during the Christmas period in protest against federal legislation that forced them to end their two-week strike. The leader of the postal union said that given the backlog of mail that had piled up during their strike, workers would be too busy to check postage on letters and packages.

Back-to-work legislation passed this week provided 45,000 workers with a small rise, but threatened heavy fines for those who did not comply. Canada Post wants to trim \$820m (US\$41m) in costs, which the union argues will result in 4,000 job losses.

Scott Morrison, Toronto

Ireland may revalue for euro

By John Murray Brown
in Dublin

This week's Irish budget has increased speculation that the government will revalue the Irish pound's mid-rate in the exchange rate mechanism, as part of its preparations for joining the European economic and monetary union.

Ireland is the only EU member whose mid-rate is markedly out of line with its market rate – a difference of around 6 per cent.

Mid-rates are widely expected to be set as the benchmark for currencies entering the euro.

But with the fiscal stimulus of Wednesday's budget, economists think the case has been strengthened for a revaluation from the current DM2.41 closer to the market rate – DM2.60 yesterday.

The government faces a dilemma. By revaluing and locking itself in at the higher rate, Ireland is in danger of exposing to future sterling weakness, which would impair Irish competitiveness.

David Croughan, chief economist at the Irish Businessmen's and Employers' Confederation, said: "On the political front, we are banking on sterling falling. And so far it hasn't obliged. On the other hand if we try to go in [with] the current mid-rate, there are considerable inflationary risks."

Dublin is coming under pressure from the German and French governments to address the issue before the announcement is made in May on the mechanism for joining the euro.

Eunan King, of NCB brokers, said the budget's 2 per cent inflation target was "not tenable" if the currency was projected to fall in coming months in line with a depreciation on entering at DM2.41. "In that case the 1998 inflation rate would be approaching 3 per cent and heading north of there in 1999. The budget documentation may contain the first official hint of revaluation," he said.

The budget is estimated to add a stimulus to GDP of around 1 per cent. With interest rates falling, Mr King said it would be reckless for the government to do so.

Inflation is currently at less than 2 per cent, the lowest in the EU, and has remained low despite the appreciation of sterling. The UK is Ireland's biggest trading partner.

Yeltsin wins a round in budget battle

By John Thornhill
in Moscow

Boris Yeltsin yesterday made an unprecedented but decisive intervention to cajole the country's MPs into accepting the 1998 draft budget at its first reading.

Speaking from the podium in the lower house of parliament for the first time, the Russian president said that the whole world was watching the outcome of the vote, while international financial markets were in a fever.

"There is not a more important question you have discussed this year," he said.

"Not just Russia, but the whole world is watching. Everything depends on this budget. It is a question of whether the rouble will collapse or hold up and remain firm."

Mr Yeltsin's last-minute intervention swung the debate in the government's favour as parliament passed the outline budget by a vote of 231 to 136. But he accepted MPs would have to renege-

on several aspects of the budget before its subsequent three readings. The government argues the budget is critical for putting Russia's runaway public finances on a firmer footing.

The 66-year-old president's surprise appearance wrong-footed his Communist opponents, who had agreed the previous day to vote against the budget.

In a reversal of his earlier position, Gennady Zyuganov, the Communist party leader, said yesterday that rejecting the budget "would have spelled the complete disintegration of the economy for many regions".

"The governors of many depressed regions asked their MPs to vote for the budget because their finances were falling apart," he said. "We allowed them to do as they thought necessary."

Foreign investors, who have withdrawn more than \$3bn from Russia's domestic debt market in the wake of Asia's financial crisis, reacted favourably to the

parliamentary vote.

Nicholas Jordan, head of investment banking at the Moscow office of Deutsche Morgan Grenfell, said the central bank and the government had been able to "patch the dyke", stopping further outflows of foreign money.

"We have seen people coming back into the equity and fixed income markets this week picking up some of the better stocks which have been oversold," he said. "We have seen some positive signs but it is not all over yet."

Fitch IBCA, the international credit rating agency, warned yesterday that its stable outlook for Russia's BB+ rating would depend on the government's ability to take the tough action needed to improve its fiscal position.

"Until the Russian government is able to demonstrate that it is capable of closing the gap between its spending aspirations and its ability to collect tax, Russia will remain vulnerable to adverse shocks and investment risks," it said.



Boris Yeltsin in action in parliament yesterday

British Aerospace may move work abroad if UK government refuses funding

Go-ahead expected for new Airbuses

By Michael Skapinker,
Aerospace Correspondent

Airbus Industrie is expected to announce next week that it will go ahead with the development of two new aircraft in spite of the UK government's refusal to help fund their development.

Industry observers say that British Aerospace, one of the four Airbus partners, has had talks with foreign manufacturers about moving some of its work on the new aircraft abroad if the UK government does not change its mind.

The Airbus supervisory board is understood to have approved the \$2.5bn project yesterday. Airbus, which is owned by BAe, Aerospatiale of France, Daimler-Benz Aerospace of Germany and CASA of Spain, will build two new versions of its four-engine A340 aircraft.

The first, the A340-500, will be a long-range version of the 300-seat A340. The second, the A340-600, will be an extended version of the A340, with 380 seats.

The A340-600 will compete with the Boeing 777 and smaller versions of the Boeing 747.

The proposed Airbus aircraft have already attracted orders from Lufthansa of Germany, Virgin Atlantic of the UK, Air Canada, Egyptair and Eva Air of Taiwan.

Airbus has assumed that the four partners' governments would fund up to a third of the development cost of the new aircraft, as permitted by a 1992 US-European Union accord.

The UK is believed to be the only government which is reluctant to do so.

The UK government has not yet

announced its final decision on the request for an investment of £120m. BAE refused to comment on its

monthly return of the 15,000-strong community.

But there is more to this border than unpicked mush-

rooms. Half a decade after the break-up of the Soviet Union, Russia and Estonia are concluding their unfinished business by giving final status to what is likely to be a largely unchanged frontier.

The Setus are set to remain divided – a reflection of Russian influence over Estonia since the countries pieced together their post-Soviet relationship.

The Setus preserved their identity through centuries of Russian rule until their region, Setumaa, became

part of Estonia under the Tartu peace treaty of 1920. Religious people, they practise a mixture of Christian orthodoxy and paganism which revolves around the monastery of Pekerti, now in Russia. But this source of income has dried up since Russia imposed heavy tariffs on cross-border produce trade.

The tariffs are so high that it is not worth going to the market on the Russian side to sell produce," said Mr Eino. "We used to sell our produce in Pekerti," he said, "but now we only have Tartu and Tallinn, and they are too far."

But today's population, economically weak and politically marginalised, is coming under threat on both sides of the border. The young are leaving for the cities, and the old and more traditional are particularly affected by the divide.

Their fate is tied to the land, and frequent visits to the graves of ancestors are of central importance. The creation of a border, and Russia's imposition of a strict travel regime, contribute to the unravelling of the social structure of the Setu community.

Russia allows Setus to travel to East Setumaa

monthly on church holidays.

"But things also happen on days that are not church holidays," complained Joesu Eino, a farmer from Perdaku.

12/11/97 15:50

NEWS: INTERNATIONAL

Investors likely to worry about South Korea's commitment to reform in absence of deadlines

Seoul details IMF bail-out conditions

By John Burton in Seoul

South Korea yesterday announced conditions for its \$57bn rescue package from the International Monetary Fund which were long on proposed reforms, but short on deadlines for implementation.

The lack of a firm schedule is likely to renew worries among foreign investors and bankers about Korea's commitment to implementing painful reforms and undermining the restoration of international confidence.

Analysts predicted more tough negotiations between the IMF and Korea as they review the progress of reforms tied to tranches of financial support. Disagreements have already surfaced yesterday over next year's growth target, with the IMF setting it at 2.5 per cent and Korea at 3 per cent.

The IMF said Seoul would receive a first payment of \$5.6bn immediately, and a second payment of \$3.6bn would be available from December 18 after the first review was completed. If Seoul met the terms of the reform programme, another tranche would be paid after January 8.

Besides the disputed growth target, Korea agreed to narrow its current account deficit to below 1 per cent of gross domestic product in 1998 and 1999. The inflation rate in 1998 would be set at 5 per cent or below, which would curb monetary growth and lead to higher interest rates.

Legislation to give independence to the central bank and reform the government's supervision over the financial sector would be approved by parliament before the end of the year.

An increase in the foreign shareholding limit in listed companies would be raised from 26 per cent to 50 per cent by year's end and 55 per cent by the end of 1998. Seoul had earlier said it would raise the ceiling to 50 per cent on December 15.

Seoul also promised to allow foreign banks and brokerage houses to establish subsidiaries by mid-1998 in an effort to promote competition in the financial sector.

The schedule for other

Asian crisis knocks global growth forecast to 3.5%

The Asian financial crisis will shave more than three-quarters of a percentage point off world growth next year, the International Monetary Fund said yesterday. Gerard Baker reports from Washington.

Stanley Fischer, the IMF's first deputy managing director, said the Fund had revised down its forecast for global growth next year from the 4.3 per cent it had estimated in September to 3.5 per cent. The bulk of the slowdown will derive from the slump in demand in Asian countries but there is also expected to be a knock-on effect on other countries. The IMF will publish its full revised world growth forecast on December 22.

Mr Fischer expressed confidence that Asian countries would resume their rapid growth rates within the next two years but esti-

mated that the immediate implications of the crisis were for much slower growth in the region.

Commenting on the IMF's \$21bn standby loan for South Korea announced this week, Mr Fischer said he was encouraged by the early reaction of Korean financial markets to the signing of the agreement. The haemorrhaging of the country's foreign reserves had stopped, the exchange rate had risen and the stock market had recovered some of its lost ground. But be warned that continued confidence depended on the implementation of the programme of reforms agreed with the IMF: "While these immediate reactions are welcome, they'll be sustained only if the Korean economic program is rigorously implemented and is seen to be managed rigorously implemented by the markets."

reforms was left vague.

Although Seoul suggested that it would close insolvent banks, it would not do so immediately, as it planned to review the financial status of troubled banks to determine whether they could be revived through restructuring.

Other ailing financial institutions could be merged or acquired by Korean or foreign banks.

The government will have

to balance its budget next year while bailing out the banking system, which would result in higher corporate income and sales taxes and a cut in state spending.

The corporate bond market will be opened fully to foreign investment, but no deadline was given. Direct foreign investment procedures will be simplified and made more transparent.

A schedule for the elimination of trade barriers, including a ban on Japanese imports, will be set later this month during the first review. This will include an end to import licensing and easing of import certification procedures that have restricted the sale of foreign

cars, clothes and cosmetics in Korea. Improved accounting and reporting practices will be required for companies, banks, government lending programmes, and central bank reserves.

Conglomerates, or *chaebol*, subsidiaries will be pressed to borrow more from financial markets instead of banks as investors gain a better view of their financial status through consolidated statements.

The level of cross-debt guarantees among *chaebol* subsidiaries will be lowered, while the government will be banned from rescuing troubled groups through subsidies or tax breaks, such as the recent state bail-out of the Kia motor group.

The reforms will be likely to increase job losses because of industrial restructuring. The IMF said that the reform of rigid labour laws to allow the sacking of workers should be matched by improvements in the new unemployment insurance scheme.

Korea said that Sweden, Belgium and the Netherlands had agreed to contribute to the rescue package.

ISSUE OF £2,000,000,000

6½% TREASURY STOCK 2003

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 10 DECEMBER 1997

PAYABLE IN FULL WITH APPLICATION

With a competitive bid
With a non-competitive bid

Price bid
£102 per £100 nominal of Stock

Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 11 December 1997.

Application of Stock

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

General

2. This prospectus is issued under the arrangements described in the Information Memorandum for issues of British Government Stock published by the Bank of England on 27 March 1997 (the "Information Memorandum") and in the Memorandum Relating to Arrangements for the Stripping and Reconstruction of United Kingdom Government Stock published by the Bank of England on 1 October 1997 (the "Strips Memorandum"). The terms of the Information Memorandum and the Strips Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity

3. The Stock will be repayable at par on 7 December 2003.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. Interest will accrue from 11 December 1997 (the issue date of the Stock) and the first interest payment will be due on 7 June 1998 at the rate of £3.1699 per £100 nominal of Stock.

Payments

5. The due date for repayment of the Stock is not a business day and repayment will normally not be made until the next succeeding business day. Holders of Stock shall not be entitled to any further interest or other payment in respect of such delay. For these purposes, "business day" means any day which is not a Saturday, Sunday, Good Friday or Christmas Day, or a day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971.

National Savings Stock Register

6. The Stock may be held on the National Savings Stock Register.

POTRA exemptions

7. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 21 of the Information Memorandum (POTRA stocks first issued after 29 April 1996).

Gross payment of interest

8. Interest will be paid without deduction of income tax. However, shareholders on the Bank of England Register may elect to have UK income tax deducted from interest payments on application to the Bank of England.

Stripping

9. Subject to the introduction of the official gilt strips facility, the Stock may be stripped and holdings of Stock reconstituted in accordance with paragraphs 6 and 7 of the Information Memorandum and the provisions contained in the Strips Memorandum therefore apply. The Bank of England announced on 3 October 1997 that it is planned that the official gilt strips facility will be available from 6 December 1997. Trading on a when-issued basis in the principal and coupon strips of 6½% Treasury Stock 2003 may be conducted from 8 December 1997 until close of business on 10 December 1997.

Method of application

10. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 5 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application

11. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker) is £102 per £100 nominal of Stock.

Last times for receipt of application

12. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 16.30 AM ON WEDNESDAY, 10 DECEMBER 1997; or lodged by hand at Central Dials & Moneymarket Office, Bank of England, Threadneedle Street, London not later than 16.30 AM ON WEDNESDAY, 10 DECEMBER 1997. Gilt-edged market makers may bid by telephone to the Bank of England not later than 10.30 AM ON WEDNESDAY, 10 DECEMBER 1997.

Postscript

13. Bid will not be revocable between 10.30 am on Wednesday, 10 December 1997 and 10.00 am on Monday, 15 December 1997.

BANK OF ENGLAND

LONDON

2 December 1997

NEWS: INTERNATIONAL

Kyoto draws together diverse cast

Environmentalists and lobbyists struggle to influence conference delegates



Even the bushes in Kyoto have feelings this week. "Silent but angry", said one placard posted on a shrub outside the climate change conference yesterday. Another, also installed in a dawn raid by Japanese environmentalists, wondered: "Are you going to save us, Al?" ahead of Monday's arrival of Al Gore, the "green" US vice-president.

The conference centre itself resembles a cross between a traditional Japanese temple and a space ship. The mission of the 10,000 green creatures inside is to save Mother Earth - as the official Japanese poster describes the planet - from increased drought, flooding and freak weather associated with climate change.

Perhaps as an insurance policy against failure, all the world's 165 nations are represented in an ark-shaped conference hall. There they sit in alphabetical order from Albania to Zimbabwe, wrangling over 21st century targets for reducing greenhouse gas emissions from fossil fuels.

But for those who do not much like the idea of a future free of coal, oil or gas, alternatives include installing "sinks".

This is alien conference jargon for forests that can absorb some of the carbon dioxide spewed out by cars and planes.

The back entrance to Kyoto's International Conference Centre offers no escape. There, Greenpeace, the environmental group which wants to replace fossil fuels with solar power, yesterday erected a dinosaur made of oil cans and spare car parts.

A banner summed up its view of progress in the negotia-



Climate change campaigners wearing masks of world leaders hold up a globe calling for a stop to "playing games with the planet". The World Wide Fund for Nature warned against turning the Kyoto talks into a "football" game

tions so far: Dinosaur Diplomacy 0, Climate 0.

The 18-strong Greenpeace delegation had started the week with gentler tactics of persuasion by offering "free solar coffee" from a mobile kitchen generating electricity from sunlight.

Inside the conference hall, official negotiators rub shoulders with lobbyists pushing everything from

nuclear energy ("Give them a Future Green with Energy") to, in the lone case of the Japan Bicycle Promotion Institute, getting on your bike.

Thrown into the mix are 4,000 journalists. On call to help them around computers on loan for the conference are official "cyberguides".

Guests are offered Y2,000

(\$15) discounts for every day they agree not to have their

towels and sheets changed. Tomorrow, the not quite lost ark turns from publicity stunts to God.

Raul Estrada-Oyuela, the embattled Argentine chairman of the negotiations, is to lead an Inter-Religious Gathering on Climate Change at Kyoto's Kanshō-ji cathedral.

Leyla Boulton

China attacks proposed gas curbs

By Leyla Boulton, Environment Correspondent, in Kyoto

China yesterday launched a fierce attack on US-led efforts to force developing countries to discuss curbs on their greenhouse gas emissions.

Shukong Zhong, the senior negotiator for China at the Kyoto climate change conference, said it was up to industrialised nations first to show they were serious about cutting their own fossil fuel consumption to combat climate change.

"Ours are survival emissions. They are luxury emissions. They have two people to a car and yet they don't want us to ride buses," he said.

His attack was particularly aimed at the US, which has 4 per cent of the world's population but generates a quarter of its emissions.

The US position is inspired by a Senate threat to block any Kyoto treaty that does not include commitments for developing countries.

But Mr Zhong also noted it violated the legal mandate for the

talks, which was for developed countries exclusively to cut emissions by 2010.

The developing countries argue, with no quarrel from industrialised countries, that they should be allowed to increase their emissions to pursue economic growth. But New Zealand yesterday proposed that developing countries start discussing curbs on the growth of such emissions in 2002 for a 2014 target and the US wants to give them technology to grow in a more climate-friendly fashion.

Mr Zhong also responded in kind to a threat by Vice-President Al Gore that the US would "walk away" from the negotiations if it failed to obtain "meaningful participation" by developing countries in the accord.

He warned that the Kyoto conference could fail if the US and New Zealand pressed their demands.

Dan Reifsnyder, a member of the US negotiating team, dismissed the Chinese attack as a "predictable" negotiating posture before the talks enter their final stage next week.

APPLICATION FORM FOR 6½% TREASURY STOCK 2003

Complete Section 1 or 2, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate.

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

We apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 2 December 1997; the Information Memorandum for issues of British Government Stock dated 27 March 1997 (the "Information Memorandum"); and the Memorandum Relating to Arrangements for the Stripping and Reconstruction of United Kingdom Government Stock dated 1 October 1997 (the "Strips Memorandum"). The terms of the Information Memorandum and the Strips Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

FOR COMPETITIVE BIDS ONLY

(for Stock to be purchased at the price bid)

See notes (a) and (b) below.

Nominal amount of 6½% Treasury Stock 2003 applied for:

Amount of Stock applied for Multiple £100,000 £1,000,000 or greater £1,000,000

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:

£ 32nds

£ p

Amount required for payment IN FULL AT THE PUBLIC SALE

£

FOR NON-COMPETITIVE BIDS ONLY

(for Stock to be purchased at the non-competitive sale price, as defined in the Information Memorandum)

See notes (c) and (d) below.

Nominal amount of 6½% Treasury Stock 2003 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £200,000 nominal of Stock

£

£

Sum enclosed, being £102 for every £100 nominal of Stock applied for:

£

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NEWS: INTERNATIONAL

Policy would require radical amendments to Oslo accords

Sharon plans West Bank security ring

By Judy Dempsey
in the West Bank

Ariel Sharon, Israel's influential infrastructure minister, yesterday announced detailed plans for security zones which, if implemented, would form a ring around the West Bank and would radically amend the Oslo peace accords.

The plans entail Israel drawing an internal security zone 10km wide along its pre-1967 borders to the east and a 20km-wide zone along the Jordan river. Both zones would be linked in the north and south of the West Bank.

The two security zones, said Mr Sharon, would provide Israel with an internal buffer zone against infiltration and a border with Jordan to prevent Palestinians destabilising the Kingdom of Jordan. He insisted the area in which Palestinians would live between the two zones would be an "open one with free movement".

However, it is clear from the maps that the Palestinians would not have a continuous land mass. Their towns and villages would be cut off from one another, like separate cantons, and would be surrounded by the Jewish settlements.

Mr Sharon, who displayed the maps during a tour of the West Bank, said he presented his security zones to Washington during a recent visit. He added he had the full backing of the Israeli government, which is hardly surprising since it would appear most, if not all, of the Jewish settlements would remain intact.

The maps are the clearest indication to date that the Israeli government, led by Benjamin Netanyahu, is re-drawing the demarcation lines set out in the 1995 Oslo Interim Agreement for Israel's future borders and a Palestinian state.

Mr Sharon said that if the government adhered to the Oslo accords signed between Israel and the Palestinians, "We would find ourselves very soon on the Green Line [Israel's pre-1967 borders] and the Palestinians would be on the Jordan River."

The PA currently controls only 3 per cent of the West Bank, or Area A, while Israel controls 76 per cent of Area C which is under its complete control. In the remainder, Area B, the PA runs civilian affairs and Israel handles security.

The accords envisaged Israel granting the Palestin-



Stock options the key to divorce deal

John Authers on what corporate wives might expect in the division of valuable future assets

A 450-page legal opinion from a Connecticut judge this week brought to a close the most acrimonious and heavily publicised US divorce case in years.

The court and the American public heard much emotive testimony from both Gary Wendt, chief executive of GE Capital, financial services arm of General Electric, and Lorna, his loyal wife of 30 years.

But in a development which speaks volumes about the current state of wealthy Americans, the outcome turned out to hinge on an arcane dispute over how to value stock options. It highlighted how dependent many US executives have become on their own company's market performance, with the vogue for giving them incentives with share options has gathered pace.

All sides agree that the sums involved are huge. Mrs Wendt was originally offered a settlement worth about \$16m, and her lawyers estimated that her eventual award was worth more than \$20m.

But the judgment is so complicated that both sides have claimed victory. Lawyers for Mrs Wendt said: "boys in the boardrooms" would be "really unhappy", and added: "One point we were trying to make is that these valuable future assets are marital property, subject to division."

Mr Wendt's statement after the trial also made clear that stock options had been the central issue. He said: "Despite the extensive publicity to the contrary generated by Mrs Wendt, the principal issue in this case was not the relative contribution of the non-working

spouse versus the working spouse, but rather the division of future earnings."

Divorce lawyers suggested that Mr Wendt was probably the sharper. According to Arthur Balbier, a Connecticut divorce lawyer, and former president of the American Academy of Matrimonial Lawyers: "I would make a prediction that Gary Wendt is doing handstands at this point and so are many other corporate executives. He didn't give her anything near 50 per cent of the value of those stock options, and there's no reason for hysteria among corporate executives."

Mr Wendt started his attempt to divorce Lorna, his childhood sweetheart, more than two years ago.

She insisted on forcing the issue to trial, in an attempt to test the concept that a marriage should be

regarded as an economic partnership of equals.

The US was captivated by the tale of a "corporate wife" who provided the wages to help her husband through Harvard Business School, and who then received a PHT ("Putting Hubby Through") degree from the dean's wife.

The issue will not go away. And a survey of the most affluent 1 per cent of Americans carried out by US Trust last month revealed that for more than two thirds of them their greatest anxiety was that "too much of my net worth is tied up in my company's stock".

It found that typically stock options accounted for more than a third of corporate executives' wealth, and that they were alarmed that this made it difficult to plan for the future. The Wendt case is unlikely to allay these concerns.

Hedge funds worsened crisis, says Cardoso

By Edward Luce in London

Ians autonomy combined with three Israeli troop withdrawals from the West Bank. But Mr Sharon admitted the accords required "some adjustments and corrections", the first time a minister has publicly admitted the government's intentions of doing so.

The zones, which Mr Sharon insisted were the "minimum requirements" for guaranteeing Israel's security, mean that future troop pullbacks would be limited in scope since they would be restricted by the two security zones.

Israel, he said, would have "full control of security in both zones". And if part of those zones were in Area B - where currently the Palestinian Authority runs civilian affairs and Israel runs security - the region would always remain under Area B. These zones would "never", he added, pass to Area A, as envisaged by the Oslo accords, in which the PA would exercise full control. "Israel will have the Jordan River for ever and Israel will hold on to its security zones for ever," said Mr Sharon.

Instead, Israel would press ahead with two troop pullbacks - outside the two security zones - but only when Yasser Arafat, PA president, fulfilled his commitments to the Oslo Accords (even though Israel wants to redraw the boundaries of those accords).

Yesterday during talks in Paris between Mr Netanyahu and Madeleine Albright, US secretary of state, there was no indication when and how much land Israel would hand back to the Palestinians. Mr Netanyahu said the cabinet needed more time to discuss the proposals, adding that the Palestinians would have five months to assure security in those areas before handing over.

The president's remarks follow widespread unease in emerging markets about the events of the last six weeks. Many officials in Latin America and eastern Europe felt that their currencies and the price of their international bonds were unfairly penalised by offshore investors in the wake of the currency turmoil in south-east Asia.

Earlier this week, Mr Gustavo Franco, governor of Brazil's central bank, said the Brazilian economy had been made more vulnerable by having liberalised its capital markets.

Speaking to an audience of British executives in London, Mr Franco said having an "open capital account" had actually heightened volatility during the crisis. This was in spite of the fact that Brazil had been advised it would have the opposite effect.



President Cardoso at a London conference early this week: 'No rules' governing offshore funds. Colin Dearing

Brazil raised its short-term interest rates to more than 40 per cent to stave off speculative attacks on the Real in the aftermath of the crisis in late October. The country was also one of the worst affected in the international bond markets, with the price of its benchmark dollar bond plummeting by almost 25 per cent in one trading session alone.

Tennis tackles its tournament tangle

The Association of Tennis Professionals has finally moved to streamline its tangled array of tournaments and titles. Although its proposed restructuring of the men's professional game, which takes effect in 2000, is evolutionary rather than revolutionary, it may not have gone far enough.

The ATP envisages a Super Tour of seven tournaments for men and women, alongside the four Grand Slams, in which everyone eligible would have to compete. The top 50 men would also have to play in four second-tier tournaments. A new ranking system would become a points race similar to Formula One's championship race, beginning in January and ending in November

with a world championship.

The changes would represent a big advance. The public, bemused by the rankings and the plethora of meaningless events, would at last be able to understand what professional tennis works.

Persuading the players that change is needed if tennis is to survive in the ever more competitive field of sport has not been easy. Drawn-out talks between the ATP Tour chief executive, Mark Miles, and the chief operating officer, Larry Scott, with the constituent bodies continue still.

The men's Player Council has now approved the master plan, in spite of early misgivings among European players that the reforms would mean too much top-level tennis being played in

the US, and not enough on clay courts which are the Europeans' speciality.

"We slowed down the process and allowed the politics to catch up," explains Mr Scott. "Sure enough, when they elected the Player Council it turned out they'd selected some pretty reasonable European players - men like Tim Henman, Magnus Larsson and Javier Sanchez - who were not militant or anti-American and had a broader perspective."

It has also been grudgingly accepted by tournament directors, many of whom see the commercial reality that their version of the sport does not attract as much support from sponsors and the media.

There is also agreement that the venue for the world championship should change each year; that the sale of

commercial rights for the "super" series should be centralised; terrestrial television coverage of the series should be the priority; and players should be more accessible to the media.

The ATP would like much closer collaboration with the women's tour. Yet, significantly, the Women's Tennis Association tour board has not yet approved the plans.

The main reason is that the women are terrified of being swamped by the men. They are reluctant to face the commercial reality that their version of the sport does not attract as much support from sponsors and the media.

But as they search for a new tour sponsor to replace Corel, there is an uncomfortable realisation that perhaps

they should go along with the proposals. As the retiring WTA president, Anne Person Worcester, guardedly puts it: "While the tour is further developing its own strategies to continue to strengthen women's tennis, it is open to consider any proposal from the ATP Tour at the appropriate time..."

The real problem tennis faces in competing with other sports is that, except for the Davis Cup and Federation Cup, it is not a team sport.

One only had to witness the patriotic euphoria in Lyons in 1991, when Yannick Noah's French team beat a US side containing Sampras and Agassi, to glimpse a brighter future.

John Barrett

Mexico seeks to sell \$45bn bad loans back to banks

By Leslie Crawford
and Stephen Fidler
in Mexico City

The Mexican government, which relieved commercial banks of \$45bn of bad loans during the 1995 economic crisis, is exploring ways to allow banks to buy back those loans at big discounts, according to finance officials.

The crisis, marked by the devaluation of the Mexican currency, a deep recession and high interest rates, triggered an avalanche of loan defaults which threatened to sink the country's recently privatised commercial banks. To save them, the government assumed almost half the banking system's loans and put them in a central bank trust, known as Fobaproa.

At first, finance officials

believed they would be able to recoup part of the cost of the bank rescue by auctioning the assets in Fobaproa's books. But the difficulty of marshalling hundreds of thousands of credits and the absence of a secondary market for trading bank loans in Mexico have forced them to change their approach.

In theory, commercial banks remained responsible for managing their bad debt portfolio even after it was transferred to Fobaproa. But there was little incentive to do so.

Finance officials said government-held assets would be offered

to banks at a discount next year in order to encourage more equitable debt restructuring deals between creditors and clients.

"What we are exploring right now is how this discount can benefit the debtor," one finance official said. "The sooner we can shift these loans back to the banking sector, the sooner consumers and businesses will be able to start borrowing again."

Also starting next year, banking regulators say they will require commercial banks to begin provisioning against the bad loans sold to Fobaproa from the third quarter of next year. Mexican banks

have already been required to set aside almost \$5bn against non-performing assets which were not transferred to the government.

But finance officials said they bailed this additional provisioning - equivalent to 1.5 per cent a year of the amount Fobaproa paid the banks to take over the loans - would encourage banks to be more diligent in the management of the bad loan portfolio sold to Fobaproa.

Mexico's bank bail-out has become a hotly debated issue since opposition parties won control of Congress in elections last July. The Chamber of Deputies

has set up an inquiry into the terms of the rescue, which is popularly believed to have benefited banks at the expense of debtors. Militant debtors' groups have gained tens of thousands of followers since the 1995 financial crisis, and are lobbying for more lenient repayment terms on mortgages and consumer loans.

To escape the wrath of debtors' groups, finance officials say they will start transferring next year the management, collection and sale of debts to private-sector credit servicing companies. These servicing companies may pay an equity stake to take over the

loans and will be expected to share with the government whatever they recover. The first package of 6,000 loans, of about \$300m face value, is expected to be tendered in April.

Of the \$45bn of assets in Fobaproa's books, about \$23bn correspond to hundreds of thousands of consumer credits, mortgages and loans to small businesses which the government hopes to sell back to banks or asset managers. The remaining \$22bn corporate loans, commercial paper and other kinds of debt pertain to 4,000 subsidiaries of 500 big corporations and need separate treatment.

In the case of large corporate loans, finance officials say they are working out schemes to refinance or capitalise debt in order to prepare companies for sale.

10/12/97

NEWS: UK

Beef farmer protests may block extra financial aid

By George Parker and Juliette Jowit

Beef farmers picketing British ports were warned yesterday that their action could make it impossible for ministers to give the industry extra financial support.

Jack Cunningham, agriculture minister, has asked the Treasury to consider extra support for hill farmers, but the government says it will not bow to the type of direct action used by their French counterparts.

"There is no way that we could be seen to be giving in to people who are breaking the law, not least for presentational reasons," said Mr Cunningham's political adviser.

The warning came as farmers stepped up their pickets of ports across the UK, in an attempt to stop imports of cheap Irish beef.

The Welsh National Farmers' Union said it would maintain 24-hour pickets at Holyhead, Pemroka and Fishguard in west Wales, while up to 2,000 farmers were expected to blockade the Scottish ports of Stranraer and Cairnryan this weekend. Although the National Farmers' Union says the demonstrations will be peaceful, some officials privately claim that the publicity surrounding quayside confrontations is helping their cause.

Mr Cunningham, supported by Donald Dewar, Scottish secretary, and Ron Davies, Welsh secretary, wants to focus support on hill farmers, who have suffered most from the recent fall in beef prices. Ministers fear that this week's announcement of a ban on beef on the bone could exacerbate the situation, but the Treasury is resisting any increase in overall public

Tony Blair, prime minister, said yesterday that Britain would "maintain the rule of law" in the farmers' dispute. But he added: "We fully understand the distress and difficulties of farmers and we have been working to assist them."

He made his comments at the launch of Britain's presidency of the European Union at the Eurostar terminal in London's Waterloo station yesterday. The Eurostar train runs through the Channel tunnel between Britain and France.

He said the UK's logo - which was partly designed by children of the 15 member states - summed up his message that Europe needed to work together to tackle its problems. Britain, he stressed, had the opportunity to help build a "people's Europe" because the indecision, vaccination and anti-Europeanism of the past had gone. The presidency would work to ensure that economic and monetary union was launched successfully, he said.

Spending, Mr Cunningham is considering extra help through the hill livestock compensatory allowance and could make an announcement as early as next week, if the port blockades subsides.

The continuing demonstrations at British ports could result in claims for compensation from hauliers, the Road Haulage Association said yesterday.

Yesterday the unrest spread to the west country, where 250 farmers laid siege to the St Merryn meat processing factory in Cornwall, protesting against the use of Irish imported beef. The company supplies Tesco supermarkets.

UK NEWS DIGEST

Chancellor calls for IMF deal

Gordon Brown, the chancellor of the exchequer, yesterday urged rapid agreement on proposals for a new facility that would allow the International Monetary Fund to lend large sums of money to countries facing financial crises.

In a speech to the British-American Chamber of Commerce in New York, Mr Brown said the new facility "would combine larger amounts with shorter repayment schedules and a higher interest rate charge than usual". He added that new lending arrangements should also be considered for the World Bank.

The IMF has already lent much larger sums than its normal rules would allow to Mexico, Thailand, Indonesia and South Korea. The proposed new facility would put such arrangements on a more formal and less ad hoc footing.

Robert Chote, London

ELECTRICITY COMPETITION

Regulator predicts delay

The planned start date for the beginning of retail electricity competition, in April 1998, "looks increasingly difficult to achieve", Stephen Littlechild, the electricity regulator, has told the government and industry. He has asked his external advisers to report to him by January 15 on the industry's readiness for competition.

Professor Littlechild this week told a quarterly meeting of a 1998 co-ordination committee he chairs that the volume of changes required to key designs for the competitive market meant a delay might be needed. At the centre of the problem is the reshaping of the "baseline design" for the competitive market. This sets out how electricity companies interact with the Electricity Pool, from which they buy electricity, to the protocols needed to transfer customer data between companies. Industry chiefs speculated that a delay of three months was possible, but six months was more likely.

Simon Holberton, London

BRITISH MUSEUM

Trustees consider entrance fee

The trustees of the British Museum will today debate the introduction of admission charges. The 245-year-old museum faces a cash shortfall of almost £5m (\$5m) and raising revenue from an entrance fee is regarded as the most practical means of bridging the gap.

The decision of the trustees is being closely followed by the directors of the other leading non-charging museums, in particular the Tate Gallery, the National Gallery and the National Portrait Gallery. If the museum introduces charges, the Tate is likely to follow suit. However Neil MacGregor, director of the National Gallery, remains resolutely opposed to entrance fees. A £22.9m provisional grant has been fixed by the culture department for next year.

Anthony Thorncroft, London

SOTHEBY'S AUCTION

\$737,000 for Brahms manuscripts

The manuscripts of the last two chamber works composed by Brahms sold for \$441,500 (£737,300) at Sotheby's in London yesterday to a London dealer. The price was slightly below estimate but set an auction record for a Brahms manuscript. The two sonatas for piano and clarinet cover 67 pages and were composed in 1896 when Brahms was 61 and in semi-retirement. They were given to Richard Mihlfeld, a friend of the composer and the greatest clarinettist of his age. The manuscript had remained with the Mihlfeld family until yesterday. Antony Thorncroft, London

Consumers take the driving seat

John Griffiths examines factors which may be reshaping the car industry

A prediction by Richard Palmer, chief executive of car dealer group European Motor Holdings, that Volkswagen will overtake Ford, Vauxhall and Rover to become UK car market leader within a few years, has been greeted by most industry observers as wide of the mark.

His opinion is claimed to be merely provocative or influenced by the fact that EMH has no Ford or Vauxhall dealerships among its 51 outlets. But Mr Palmer insists that the exclusion of Ford and Vauxhall is deliberate. He says their profit potential for dealers is declining and that by including seven VW and three Audi outlets, EMH is simply showing foresight on behalf of shareholders.

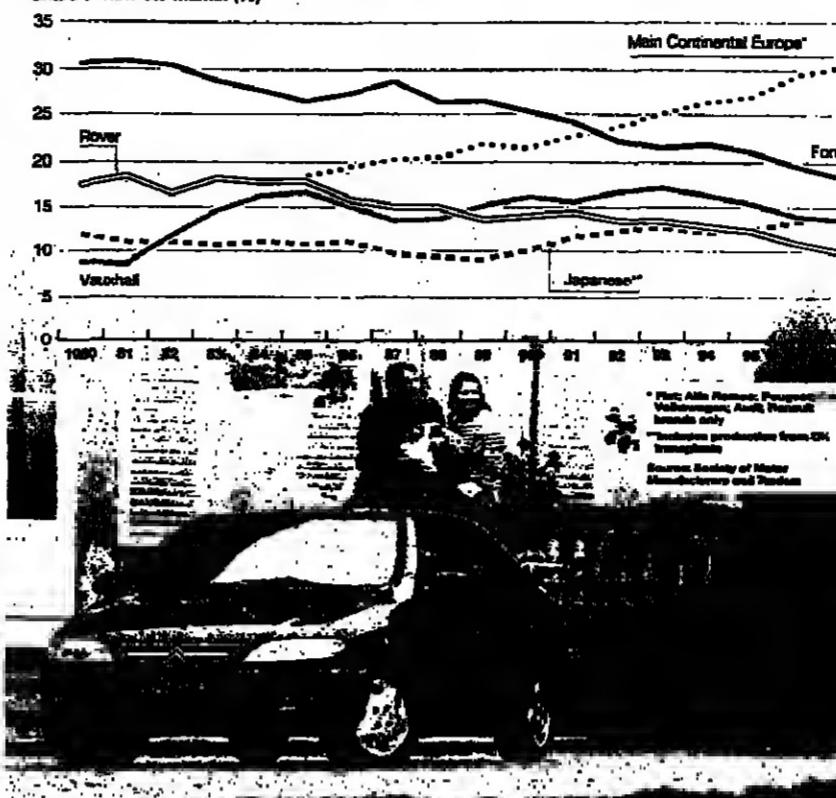
That he even made the remarks highlights changes which have already severely eroded Ford's long hegemony. They were underlined by November's new car registrations this week showing Ford's rivals close at its heels.

Taking shape is a much more diffuse market, with more players sharing available sales. The change is evident in large shifts in market shares, particularly Ford's. The company whose Fiestas, Cortinas, Escorts and Granadas of the 1970s were synonymous with the desire for mass car ownership has seen its 30 per cent-plus market share cut to about 18 per cent.

Vauxhall, ranked second, is only about 3.5 percentage points behind. The gap was once more than 20 points, yet Vauxhall's share has also slipped this year, to under 14 per cent. Rover is

Car wars: the Europeans build up speed

Share of new car market (%)



now in single figures after being more than 20 per cent in the 1970s.

Motor industry guru Professor Garel Rhys, of Cardiff Business School, says Ford, Vauxhall and Rover could only have slowed the slide, not prevented it. Why?

In the early 1980s, half the market comprised fleets chosen by managers typically picking one brand - usually Ford; the balance was almost exclusively Vauxhall and Rover. All were saloons,

estates and hatchbacks - the standard fare. Continental makers' sales were mainly to private buyers.

But there were also many devotees of the reliability of Japanese cars - enough to give Japan 11 per cent of sales and worried domestic carmakers an Anglo-Japanese gentlemen's agreement preventing imports going higher. Japan's determination to get round this by building transplant factories has proved pivotal to subsequent events.

Nissan, Toyota and Honda introduced working practices and quality standards unmatched in Europe, and demanded the same of their suppliers. The culture has since permeated most European car and component makers.

Other preferences have come back into play, notably aesthetics, which many consumers feel European companies do best. Result: Citroen, Fiat, Peugeot, Renault and VW are enjoying a

strong revival, taking ever greater sales from the big three whose historically large market shares made them most vulnerable.

New Asia-Pacific players have added to the erosion: Korea's Daewoo, Hyundai and Kia, Malaysia's Proton (Group Lotus owner) and Perodua. Together they sell 55,000 cars a year - easily compensating for the collapse of franchises sophisticated UK consumers now shun, like Lada.

The reward for Toyota, Nissan and Honda for upgrading Europe's industry is to make their own market much tougher.

Philippe Schwarz, managing director of consultants DRi Europe, says fragmentation will continue, not least because the company car sector increasingly comprises drivers given much more say in the cars they drive, the so-called user-chosers.

Is Mr Palmer's scenario, then, not wide of the mark? In reality, most industry analysts think Ford's long slide is bottoming out. Nor is VW as bullish as Mr Palmer. Robin Woolcock, UK head of VW, says DRi's forecast that VW group, including Audi, SEAT and Skoda, will reach about 9.5 per cent by the end of the decade "sounds about right".

The concept of domination by any company, says Prof Rhys, has become obsolete. "Big market shares are the remnants of history," he says. "Competition will become even closer and choices even wider. The future for consumers is, in fact, fantastic. They will be more than king; they will have the power to be despotic."

Irish PM in row over old claims to North

By John Murray Brown
in Dublin

A row has broken out between David Trimble, leader of the Ulster Unionist Party, the largest pro-British party in Northern Ireland, and Bertie Ahern, the Irish prime minister, over his government's refusal to recognise British sovereignty over Northern Ireland as part of an overall political settlement.

The UUP leader was responding to comments by the Irish Taoiseach [leader] in a Financial Times interview, in which Mr Ahern said there would not be an explicit recognition that Northern Ireland was part of the UK in any changes to the Irish constitution.

Mr Trimble described the comments as "unhelpful and destabilising," and called for clarification of the proposed amendments to articles 2 and 3, which unionists saw as a claim of both territory and jurisdiction over the island's northern six counties.

Mr Ahern, speaking on condition of what he sees as being the reciprocal requirement for the removal of articles 2 and 3.

Mr Ahern, speaking on arrival at the relaunched Forum on Peace and Reconciliation in Dublin, insisted there was nothing new in his reported remarks. He repeated that any amendments to the constitution would form part of an overall settlement.

Article 2 defines the Irish nation as the Island of Ireland and its adjacent Islands, while article 3 declares Dublin's constitutional right to jurisdiction over Northern Ireland, "pending the reintegration of the national territory."

US credit card group seals \$50m investment

By Christopher Brown-Humes and Richard Wolfe

A US credit card group last night unveiled plans to set up a European operations centre in Nottingham, creating up to 900 jobs in the biggest investment in the east Midlands for six years.

The investment by Capital One, one of the largest credit card issuers in the US, was announced by Margaret Beckett, secretary for trade and industry. Capital One said the \$30m (£50m) centre would help it service its fast-expanding UK customer base and provide a springboard into continental European markets. Nigel

Morris, Capital One president, said:

"As our first overseas operations centre, this is a significant milestone and clearly indicates that we are committed to developing a long-term presence in the international financial services industry."

He said Capital One had considered a number of European Union

sites but settled on Nottingham because of its "highly qualified workforce, business environment, and excellent transport links." The group, based in Falls Church, Virginia, began operating in Britain in 1996 and is one of several aggressive US credit card companies to have intensified competition in the UK.

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Saturday December 6 1997

Asian models trip up

As the economies of Asia have struggled to overcome their currency and banking crises, western punditry has been busy pronouncing the death of the Asian model.

No matter that there were several Asian models, or that some economies in the region are still in relatively robust shape. In the popular imagination Asia is to blame for putting the insecurity into western labour markets. Hence the element of *schadenfreude* in much comment on the region.

Such feelings underestimate the complexity of the labour market problems of the developed world. They also underplay the industrial might of the biggest casualties of Asian flu, Japan and South Korea. The seeds of corporate recovery have already been sown by devaluation. Some of the world's most competitive companies have become even more competitive as a result of the currency turmoil.

The same is not true, however, of the region's banks. Here there are two separate problems. One concerns Japan, where in the aftermath of the bubble economy the authorities prematurely curtailed fiscal expansion and were too slow to confront the plight of insolvent banks. The other stems from the consequences in the rest of Asia of unsustainable exchange rate policies and poorly supervised banking systems.

What is clear, in the wake of the crisis of confidence in the Japanese financial system and the IMF's rescue package for South Korea, is that the use of banking systems as an instrument of industrial policy is no longer a sensible option.

As Federal Reserve Board chairman Alan Greenspan remarked this week, government-directed production and finance can help deliver vigorous growth when economies are in the catch-up phase and protected by exchange and capital controls.

Catastrophic effects

But once the gap narrows, it becomes harder for bureaucrats and politicians to administer their more complex economies – especially if the exchange controls go and the country runs a current account deficit.

As South Korea found, even partial liberalisation can have catastrophic effects. By allowing highly levered companies to accumulate foreign currency debt when an undercapitalised banking system was incapable

of providing adequate supervision, the country condemned itself to financial disaster.

The post-war Japanese system depended on subsidies from savers to industry and on the use of equity to cement corporate relationships. This became potentially unworkable when savers were given access to a global capital market that offered genuinely commercial returns. Already the banks are unwinding their equity holdings in industry. The oddity is that portfolio diversification has to date been so modest.

Managerial failure

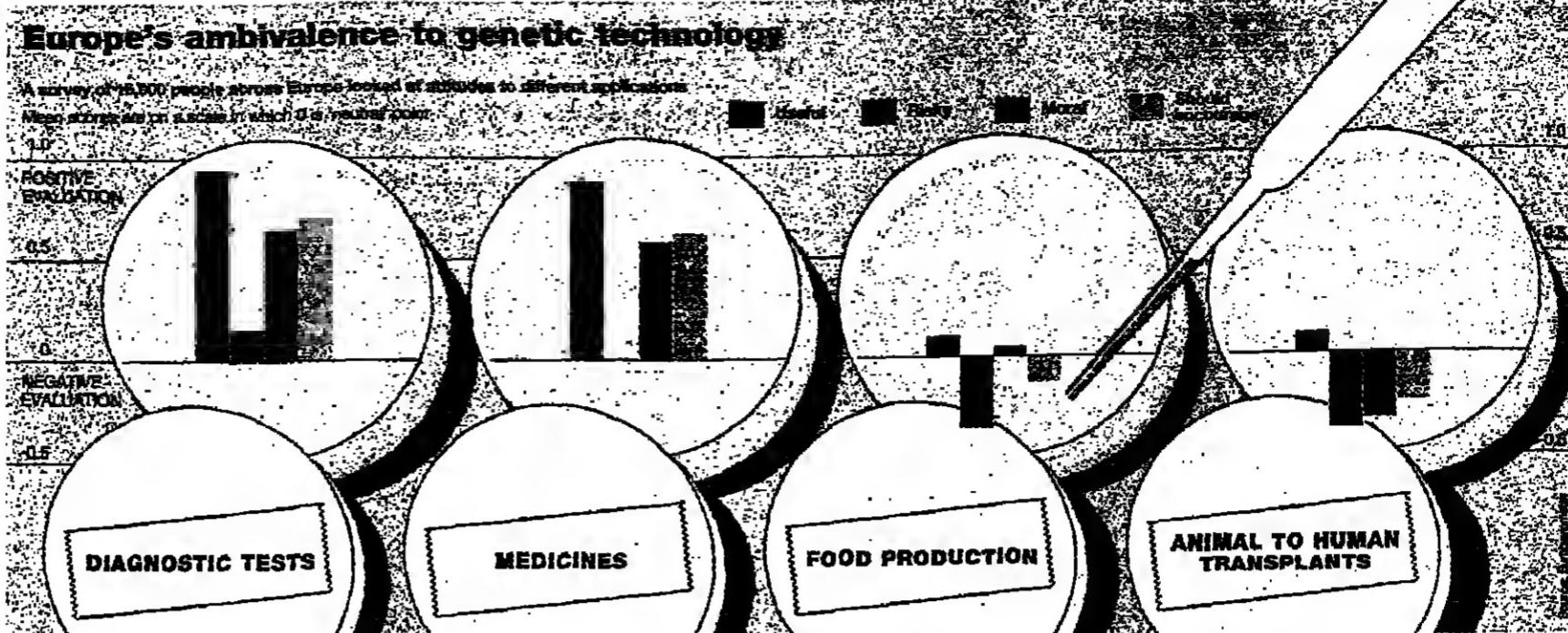
This raises important questions about the future of corporate governance. In Japan the banks have played a vital and effective role in addressing managerial failure within the industrial groupings known as *keiretsu*. Today they no longer have the incentive to do so.

Since cross-holdings of equity are unwinding, it is possible that Japan may now move closer to the US system, where ultimate takeovers provide the ultimate sanction for under-performance.

Korea is a different matter. Not only are capital markets less developed, it is also still an instinctively dirigiste country. Yet the conditions of the IMF package militate against adoption of the German post-war model of universal banking to compensate for weak markets – and rightly so. Japan has just demonstrated that relationship banking, in which equity stakes fluctuate in value day by day, makes for systemic instability unless macro-economic policy is unswervingly sound.

In the long run there is probably no escape from full liberalisation of capital markets. But in recapitalising their banking systems many Asian countries will probably be tempted to restrict the voting rights they offer to foreigners. Western investors will then have to decide whether market valuations adequately discount the corporate governance handicaps in Asian economies.

Yet this is in the future. The pressing questions for investors today are whether Japan can steer its way out of its economic and financial crisis, and whether the US and Europe will import all Asia's newly competitive products and services without protest. The omens on the first score are looking better. On trade, recent protectionist rumblings in the US are altogether more ominous.



A wolf in sheep's clothing?

Clive Cookson and Daniel Green examine the ethical debate about genetic research triggered by Dolly the cloned sheep



Imagine that scientists discover a gene, spread widely through the population, that encourages violent behaviour. Politicians make it compulsory for every pregnant woman to take a test for the gene and to have an abortion if it is present in the embryo.

Many people have in mind that sort of fantasy – or else the genetic engineering of "designer babies" with enhanced beauty, intelligence and athletic abilities – when they express moral doubts about the current explosion in genetic research and its future applications.

What is happening in the real world today, however, is a striking contrast to such eugenic nightmares. Genetic testing combined with selective abortion, the ultimate sanction for under-performance.

Perhaps the best example is in Cyprus, where before the 1980s more than 50 babies a year were born with thalassaemia, a severe blood disorder that is particularly prevalent in some Mediterranean populations. Now every Greek Cypriot takes a genetic test before getting married; the Orthodox church requires couples to produce test certificates before their wedding.

If both man and woman are carrying the thalassaemia gene, a counsellor tells them that any baby they produce has a one-in-four chance of developing the disease. Almost every couple then takes an antenatal test and has an abortion if the result is positive, though this is not compulsory. As a result there are now just one or two thalassaemic babies born on the island a year.

Bernadette Modell of University College London, who pioneered genetic testing for thalassaemia, says on the basis of her experience: "I am very encouraged by the responsible and loving way in which people react to genetic testing."

"We can trust them to do the right things so long as they are provided with enough clear information," she says. "I get rather frustrated by all the talk about ethics, when there is so much need for better information and education about genetics."

Not everyone takes such a relaxed view of the new genetics.

The birth of Dolly, the cloned sheep, in Scotland triggered a wave of ethical concern this year about the potential cloning of genetically enhanced human beings – although no scientist has expressed any intention of working in that direction.

This week, for example, Paul Rainsbury, a London fertility specialist, warned that a US clinic planned to offer infertile couples a selection of embryos with particular characteristics for implantation. "By confounding, or merely accepting, this development, mankind is embarking on the slippery slope towards offering designer babies and, worse, towards the start of creating a master race," he says.

Governments have set up advisory and regulatory bodies. Their mission is broadly to ensure that genetic research is applied in accordance with ethical principles, and to prevent unacceptable practices which could range from genetic engineering of human embryos to discrimination by employers.

George Poste, chief scientist at SmithKline Beecham, the Anglo-US pharmaceutical group, applauds their activities: "Science and medicine need to understand that genetics has a very powerful impact on the public imagination, so it is important to have strong oversight mechanisms to ensure that this technology is being examined properly."

Dr Poste says the UK has set up a more comprehensive monitoring system than any other industrialised country. Its main components include the Human Genetics Advisory Commission, the Human Fertilisation and Embryology Authority, the Advisory Committee on Genetic Testing and the Gene Therapy Advisory Committee.

John Battle, the science minister, announced last week that the next stage would be to organise more extensive public consultation exercises during the next year. "My worry is that the pace of scientific change is outstripping the pace of the ethical and political discussion. We have to get the public debate up to speed," he says.

In the US, a particular focus is legislation to ensure the privacy of genetic information and to outlaw "genetic discrimination" by insurers and employers. So far, 42 states have introduced such legislation.

The US biotechnology industry has approached the ethical questions raised by genetic research with the gusto of a consumer goods company positioning a brand. The work of the Washington-based Biotechnology Association (BIO) includes running public focus groups.

"The focus groups include people from Massachusetts to California, urban and rural, highly educated and those with even a high school diploma," says Carl Feldbaum, BIO president.

"People have strong views, but there is a basic consensus," says Mr Feldbaum. "To cure disease, genetics is fine. But the line gets crossed at cosmetics. You're playing God. The view is that curing Alzheimer's is one thing, but raising IQ is just not right."

Steven Holtzman, chief business officer at Millennium Pharmaceuticals and the biotechnology industry's representative on President Clinton's National Bioethics Advisory Commission, says: "We had to ensure responsible use of the technology. We issued a set of principles, mainly in genetic testing and privacy, and we supported legislation to stop discrimination on the basis of genetic information."

The situation in Europe is different in several ways. Firstly, the industry takes a lower key approach, partly because it has less money for lobbying. Secondly, the threat that people carrying "bad genes" could be denied health insurance is far less potent in Europe, where the public sector underpins healthcare. And thirdly, Europeans seem generally more wary of biotechnology than Americans.

The European Commission's recent Eurobarometer study showed people more in favour of using genetics to improve human health than in agriculture (see above). But the study team concluded: "Large sections of the European public are deeply ambivalent about modern biotechnology. The prevailing focus of this ambivalence appears to be moral, a collection of anxieties about unforeseen dangers that may be involved in a range of technologies that are commonly perceived to be 'unnatural'."

Some people in the industry think this results from their low-profile propaganda compared with environmentalist groups. "It is an issue of public perception, because ethics committees end up thinking what is in the newspapers," says John Padfield, chief executive of Chiroscience and chairman of the UK Biotechnology Industry Association.

On both sides of the Atlantic, industry representatives emphasise the less controversial medical possibilities of genetic research. For example, if scientists screened patients genetically, they could work out which drugs they might respond to.

David Shapiro, a UK biotech consultant and former director of the Nuffield Council on Bioethics, says geneticists are well aware of the need to avoid the public rejection that another new technology, nuclear energy, suffered a generation ago. Biotechnology has avoided the worst sins of the postwar nuclear industry – a combination of arrogance and secrecy – but geneticists cannot resist excessive hype about scientific progress.

Ironically, the cloning of Dolly caused much more scientific hype – and public alarm about its human applications – in the US than in the UK, where the research took place. The level of public debate "was a spur to those in the industry who hadn't recognised how important these issues were," says Mr Holtzman.

Mr Feldbaum believes time is on the industry's side. "The focus groups show people acknowledging that their views are shifting. They might once have been appalled by test-tube babies. Thirty years ago heart transplants were too radical to be tolerated."

Just nine months after the Dolly announcement, people are beginning to see the potential advantages of cloning research.

The way things are going, genetically engineered designer babies may be perfectly acceptable at some point in the next century. And people may be willing to sacrifice some civil liberties in order to wipe out genes that lead to criminal violence.

This is the final article in a series on human genetics. Earlier articles appeared on October 30 and November 13 and 20.

Tradeable permits the best route to emissions targets

From Mr Rubens Ricupero

The FT has given favourable attention to the United-developed concept of tradeable emissions permits as being a possible outcome of the Kyoto meeting on climate change. "Cool counsel on climate 1, and 'Licence to pollute', December 2." To bring developing countries on board for any global agreement on curbing greenhouse gas emissions, Martin Wolf argues – correctly, in our view – that high-income countries would have to purchase excess permits, beyond what developing countries use themselves.

Technically, there should be no argument that this trading scheme would minimise costs and maximise efficiency. And the US Congress should be in favour. After all, it approved the Clean Air Act Amendment of 1990, which authorised trading permits for sulphur dioxide ("acid rain"), producing savings of several billion dollars. The scope for savings with carbon dioxide is much larger.

But, to make it politically palatable, industrialised countries

must accept the premise that developing countries should not be penalised because their industrial development has lagged behind.

The key lies in the equitable setting of emissions "caps" and in making available to developing countries on reasonable terms those environmentally-friendly technologies that could enable them to "leap-frog" the highly polluting production processes used by industrialised countries in their own race to growth.

Provided the political will is there, tradeable permits can be used to help reach the agreed caps in the most efficient possible way. The market will thus have been brought to bear in favour of both development and a united approach to tackling a global problem.

Rubens Ricupero,
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LETTERS TO THE EDITOR

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No successor in sight in Germany

From Mr Jochen Murach.

Sir, You are absolutely right in saying in your leader "Old time SPD" (December 4) that the German SPD does not look like an alternative government". One typical example of its "unwillingness to govern" was the recent announcement of the expected rise of unemployment to more than 5m people in 1998. This made the chancellor's promise to cut the number of unemployed to about 2m by 2000 look ridiculous and shady.

But how did the SPD as the party of the blue collar people react? It did not react at all. It let the government produce another failure without any dissent.

Instead of using its opposition power and claiming that the ruling coalition was unable to fight

unemployment, the SPD kept

quiet and accepted being left to its fate as longest serving opposition party since 1949; although this topic would have been a long awaited "pre-Christmas present" by the fading coalition.

So, one has to ask what else this would-government party proves its ability to lead Germany into the next century. Even after the party conference in Hanover, the SPD failed to deliver signs of determination and ambition to its voters to take over the government next September. Meanwhile, Germany faces a lot of – so far – unsolved problems: tax reform, pension-system reform, the euro, to mention but a few.

However, there does not seem to be anybody in the political landscape willing to take on

Jochen Murach,
Klosterwinkel 12,
54032 Potsdam, Germany

Easy peasy if you follow the beastly rule, with exemptions

From Mr Douglas Firman.

Sir, The hunting problem is simple for those who are not emotionally involved.

The prime rule is that humans may not, either for pleasure or profit, benefit from creatures of all sorts being beastly to each other.

The following exemptions apply:

- Indirectly: anything produced on film by Sir David Attenborough and others showing creatures being beastly to each other is stimulating and educational. Small children should be encouraged to watch;
- Directly: safari "camera" holidays and the like are enriching, particularly if one has the chance to witness a kill from a moving vehicle, with the aid of scuba equipment, and so on;
- Those who actually kill or maim creatures, such as those who go in for shooting or fishing, are exempt because there are too many of them;
- Not exempt: those who watch dogs being beastly to a fox from horseback.

There you are – easy peasy. Philip Stephens ("Morality hounded", November 28) can

return to defending his idol. Present rules are clear.

Douglas Firman,
34 Bolingbroke Grove,
London SW11 6EA, UK

From Mr Adrian Hopkinson.

Sir, A number of your German readers are most grateful to you for making space in the FT to cover the bunting controversy. As should be expected, when your subject matter shifts from economics to country life a few errors crop in. You refer to hunting being much loved by the aristocracy. It is a long time since I have met an aristocrat in the hunting field and I have been bunted from Arundel to Atherton. Most of the people are determined business people from all walks of life – bakers to software programmers.

It takes courage to jump a fence on a tired horse. However, courage is an attribute not cherished by the modern body politic – maybe they and you will rue the day.

Adrian Hopkinson,
Preussen Strasse 17,
40883 Ratingen-Hösel,
Germany

Compensate the others too?

From Mr S.V. Plettenberg.

Sir, Now that an objective view of historic injustices allows us to account for them, I too, quoting Mr H. Charnells (Letters, December 4), "would pose a further potentially embarrassing question: is nothing to be offered to those dependents of the Boers who were exterminated in concentration camps, while their men resisted the British invasion to get at the gold they discovered?"

To the descendants of the families of the Cossacks, if any can be found, who in the spring

of 1945 were turned over by the British Army to Stalin's Red Army for wholesale slaughter?

And to the descendants of the Irish bunted for a penny-a-scall, if my memory from Blundell's school history class is right? I suggest the National Lottery and its equivalents in other countries set aside some funds for these noble amends.

S.V. Plettenberg,
Casa Azul,
Urb. Las Torres
29600 Marbella,
Spain

A wrong must be put right

From Mr Tom Pocock.

The FT deserves high credit as the only UK national newspaper to report regularly and fully on the continuing refusal of the RAF and the Ministry of Defence to reconsider the case of the Mull of Kintyre helicopter crash and the attempts to overturn this injustice.

In overruling their own board of inquiry to find the two dead pilots guilty of "gross negligence" – without further evidence to warrant this – the air marshals have been supported by both Tory and Labour governments and their pods in parliament and the media.

However, to their great credit,

three former

COMMENT & ANALYSIS



The storm of Indian politics has swirled around a lone and silent figure this week, that of Sonia Gandhi.

She is at the centre of the storm in that many politicians have sought to use her name for their electoral advantage. She has been silent in refusing to respond to their efforts.

Yet she may end up an sideshows not just because she has held herself aloof from politics so far but also because there may be no future for the political tradition she represents, that of the dynasty.

Sonia Gandhi is the Italian widow of Rajiv Gandhi, the former Congress party prime minister who was assassinated by a Tamil Tiger suicide bomber in 1991. His death is the indirect cause of India's next elections. The party leaders deposed the ruling United Front government in response to a report alleging that a coalition party from Tamil Nadu had links with the Sri Lankan Tigers. There was little new in the allegation but Congress, heavily defeated in India's last elections 18 months ago, wanted a popular issue on which to stand. More importantly, it needed a leader.

And it looked to Rajiv's widow, thinking that this particular issue would bring her out onto the hustings, perhaps cowed in a widow's white sari. They believe she would be an election winner.

So far Sonia has remained silent.

It is the second time Congress has implored her to lead them. The day after Rajiv's death, Congress leaders elected her as party president - eager, apparently, to capture the sympathy vote during the elections interrupted by Rajiv's assassination.

Sonia refused. "The tragedy that has befallen my children and myself does not make it possible for me to accept the presidency of the Congress," she said then.

For the past six years, indeed, the 50-year-old Sonia Gandhi has kept such close counsel as to who will wrap herself in a myth. She rarely speaks in public. She courts Congress politicians, but while many like to speak for her, she almost never makes her views known directly.

To India's press she has become an "enigma" and "spymobile".

All this is a long way from her modest childhood as a poor builder's daughter in a small town near Turin, where they recall the young Sonia Malmo as the "Cinderella of Orbaasano". She met Rajiv while a language student at Cambridge in the

1960s. Rajiv was studying at Trinity College. They married in 1968.

She made her rare public appearances wrapped always in an elegant silk sari. "She is not a complex human being," wrote Vinod Mehta, editor of Outlook magazine, recently. "She has only a few passions - her family in Delhi and Milan, five-star shopping and privacy. All of this fused with working-class Italian shrewdness, by which I mean a profound sense of self-interest."

And she has more cause than most to resist the allure of Indian politics. She was nearby when Indira Gandhi was machine-gunned by Sikh bodyguards in 1984 and cradled her dying mother-in-law. Then came the death of her husband.

Nevertheless, Sonia Gandhi has continued to plague the interests of Congress politicians because of her name and because she has not retired entirely into private life. She has developed the Rajiv Gandhi Foundation into one of India's biggest and most influential charities. This year she formally joined the Congress party - causing excitement among Congress supporters and party leaders.

That said, she has never given any indication she wished to lead the party, or even campaign for it. She has given only two "political" speeches, in slightly accented Hindi, one last year to chide P.V. Narasimha Rao, then Congress president, for the slow progress of the report into Rajiv's death - a speech that persuaded some in the party that this was the issue which would bring her into politics. She also spoke briefly at a Congress meeting just two months ago, engendering further party excitement.

So, though she has given little encouragement, Sonia Gandhi holds Congress in thrall. "Madam," as she is reverently called, is seen as the saviour in waiting of a party that is demoralised, divided, devoid of issues and indifferent led. Since the death of Rajiv, the party has been led first by Mr Rao and now by the octogenarian Sitaram Kesri. Both men were regarded as stop-gaps on becoming leader.

For many, Sonia has always been the true leader. "Congress doesn't have a leader just now," says Salman Khurshid, a former Congress minister. "It has put the leadership on hold, because of the belief that Sonia will give a reply. No other leader would come forward, because this would be violating the wait for Sonia."

The party has always needed some such power to hold it together, and that power has usually been a Gandhi. For most of its 112-year history it has been more a disparate movement than a coherent organisation - the movement under the political guidance of Jawaharlal Nehru and the moral leadership of Mahatma Gandhi - who was no relation - shook off British rule 50 years ago.

After Nehru came his daughter Indira Gandhi who did more than any post-independence Indian leader to centralise India's policy, at the same time turning Congress into a money-making, election-winning and increasingly corrupt political machine.

Mrs Gandhi's authoritarianism also corroded Con-

gress' internal democracy, instead bolstering dynastic control. She chose Sanjay, her oldest son, as political heir. But he died in a 1980 flying accident and by the time Indira died in 1984, Congress could see no further than her younger son, Rajiv, as successor.

"Because there has never been a mechanism for upward mobility in the party, there has also always been a large second tier of people competing for power whose claims cannot be mediated except by a much more powerful leader," says Yogenendra Yadav, a political analyst. "Congress has therefore had to invent such a leader, like Rajiv Gandhi."

So Congress looks again towards his widow. Those who claim to know her well suggest that she believes she has more to lose than gain by entering India's rough political fray.

Though no-one knows the likely electoral strength of the "Sonia effect", without her overt leadership or campaigning Congress will certainly suffer a crisis of morale and further electoral decline.

In 1991, Sonia was asked why she shied from publicity. "I just don't like being in the limelight," she said. "It's just my habit." Six years later, this looks like becoming the habit of a lifetime. Sonia may prefer to remain, to misquote Churchill, a riddle, wrapped in a sari, inside an enigma.

Woman in the News · Sonia Gandhi

The widow in white

India's Congress party has a leader in mind, says Mark Nicholson

Crisis, what crisis?

Western markets seem to have regained their poise after events in Asia, says Tony Jackson

Was that it? After their nasty wobble a few weeks back, equity markets in the US and UK have bounced smartly back: in the case of the UK, by 172 points on the FTSE 100 index over the past two days. Asia, it seems, has been fixed. If not, it no longer matters. Next stop 6,000 on the FTSE, and 10,000 on the Dow.

Well, perhaps. There is no question that in the context of the past 10 years, the latest correction - assuming it to be over - looks pretty minor. The real issue is more paradoxical.

The Asian crisis, however it is resolved, is an event of real weight for the world financial system. Before it hit, there was a pervasive sense that Wall Street was overvalued. Suppose the market now carries on up. Are we really saying that, from a western standpoint, the crisis is beneficial?

That case can perhaps be argued. The long bull market in equities has been postponed above all on the supposed death of inflation. On a benign interpretation, the Asian crisis can help that.

One of the prime causes of the crisis, it is now clear, was excessive capital investment by the tiger economies. The result is an Asian capacity glut. Taken along with competitive devaluation in the region, this is a recipe for downward pressure on prices in the western world.

At present, the markets are discounting a further rise in US interest rates. On the most bullish interpretation, the Asian disflation

effect could mean the markets are in for a pleasant surprise.

What could go wrong? Quite a lot, and quite badly.

The real bogey for the markets is deflation: a sustained period of falling prices, which would create negative equity for many borrowers and might reduce economic output.

Strictly speaking, this is not a new worry. A couple of years ago, some thoughtful analysts had already spotted the deflationary threat on two fronts: the continued weakness of the Japanese economy, and the depreciating

Dow Jones Industrial Average



effect of belt-tightening by the European Union countries to meet the criteria for the single currency.

The latest crisis merely intensifies the risk. The bullish response is to say that, since the last great period of deflation in the 1930s, the world's central bankers have become much more sophisticated.

It would be nice to think so. But the reality is that in the modern world deflation is unknown territory.

The other obvious risk is to economic growth rates and corporate earnings. Estimates for this vary widely,

but there is no doubt the danger is real. Indeed, the cynic might say that in putting together Asian rescue packages the west is simply out to protect its own export markets.

There are other threats to the bullish scenario. The determining factor for US inflation could still turn out to be not manufacturing capacity, but labour shortages.

In that case US companies could face a crunch on margins, since they would be unable to raise prices in line with wages. But the threat does not seem imminent.

Or perhaps the real risk to the markets will turn out to be liquidity. The nightmare is that distressed Japanese financial institutions, which are big holders of US financial assets, might have to call their money home.

But given the strength of the dollar and the fact that Japanese financial assets yield next to nothing, this would be a counsel of desperation. Indeed, there is a counter-argument. The more turbulent the world

becomes, the more the US could prove a safe haven for investors battered by losses in other markets.

Given all those conflicting factors, there is a final, less tangible argument on the bullish side. Besides the conquest of inflation, the other driving force behind the US bull market has been the sense that corporate America has reinvented itself.

It is almost an effort to recall that, at the start of this decade, Americans were terrified of the competitive might of Japan. For some time now, the boot has been on the other foot. But the Asian crisis has served to reinforce the absolute dominance of the US corporate model.

This is most starkly illustrated by the plight of Korea: a reversal so brutal that its implications will take some time to sink in. Leave aside the fact that the headlong pursuit of market share irrespective of profit has proved ultimately disastrous.

The real point goes deeper: that whereas the tiger economies have been remarkably adept at imitation, the real name of the game is innovation. And that remains an American speciality.

So can it really be true that the bull market is intact? The idea may stick in the gullet, especially for those who have wrongly called the turn for the last 3,000 points on the Dow.

And, of course, it could all still go horribly wrong. But these are strange times; and if the upturns in Asia cannot stop the market, it becomes increasingly hard to imagine what will.



Protesters in an Irish lorry passes through ranks of protesting Welsh farmers at Holyhead

Cold comfort farming

Maggie Urry explains why UK farmers are protesting with French-style tactics

What on earth is going on down on the British farm?

Irish agriculturalists have been disrupting UK ports from Stranraer to Dover. Some have been chucking imported beef into the sea, for all the world like a modern Boston tea party.

For the celebrities, Soham Walker, a sheep and beef farmer in Dumfries and Galloway, and one of the organisers of the Stranraer protest, says farmers are the most conservative group of individuals you'll ever meet. We are not militant. But we see no way out."

Farmers certainly have a genuine problem. Farm profits have collapsed this year, and beef farmers are the hardest hit. "We are selling cattle for less than it costs to produce them," Mr Walker says. The price of a large beef animal at slaughter has dropped from around £275 (\$1,600) to about £200.

Cattle farmers, already hit once by the BSE crisis, were hit again this week, when the government said it proposed to ban on beef sold on the bone.

Aralbe farmers are doing little better. A combination of lower yields, poorer quality (because of bad weather), and lower prices has cut their incomes, too. Some low-quality wheat is selling for £50 or £60 a tonne, well below the cost of production.

Farmers have been frustrated by the effects of "mad cow disease", which has caused the European Union to impose a worldwide ban on British beef exports. They have been angered by the squeeze on farm income that has resulted from the rising pound. And at the end of last week, their patience finally snapped at a pre-Christmas cattle auction in Anglesey, north Wales. With prices plummeting, farmers decided it was time for action, dumping 40 tonnes of Irish beef burgers into the Anglesey port of Holyhead, and sparking similar blockades elsewhere for days.

It is unusual for UK farmers to react like this, says Mr Vining. "We're not that sort of people." But the actions of French farmers, who seem to have the police and the public on their side, has encouraged them.

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At first the government's response was that farmers have already had massive support from public funds for BSE.

On the government's figures, farm incomes are no lower in real terms than they were in the late 1980s. The agriculture ministry said: "It is not the business of government automatically to provide subsidies to make up annual variations in income."

By Thursday night, though, the government's line was softening as cabinet members began considering extra aid for farmers.

Those able to look beyond the present crisis are not so pessimistic. Farmers owe Barclays Bank 12 per cent more than they did a year ago, but John Page, head of agricultural lending, is not sending in the bailiffs. He is expecting a recovery next year, when the pound is forecast to weaken.

He says: "There is no doubt farm incomes have dropped horribly. But it has all happened before. In 1985 and 1977 there were steep falls in income. The one you're in at the moment is always the worst ever."

Tabloid journalism has met communist China. James Harding was there

Gang of four found on Mars

Some pretty unusual stories have been appearing in the Shanghai press recently.

There was the case of the girl who developed fish scales on her skin. Or the saga of a local fat girl who is fighting a higher education college that refused her admission because of her weight. And the bizarre picture from a Chinese research laboratory which has grown a human ear off a living mouse.

China's media remain tightly controlled by the government. But as newspapers and magazines struggle with shrinking state subsidies and growing commercial pressures, a profit-driven populism is beginning to change the press. Tabloid newspapers are taking root in the world's oldest civilisation.

The New People's Evening News (Xinhua Wanbao) in Shanghai is the prime example. It is a local paper that leaves the standard diet of edifying news in China with an entertaining mix of human interest stories.

On a typical day last week, for example, the paper crunched expansive coverage elsewhere of President Jiang Zemin's travels overseas and the latest reports on rising industrial output, in order to find room for stories about the growing curse of quack doc-

tors, the squalid state of public toilets and the humiliation of domestic servants. There has also been a series of reports on a man discovered to have murdered his unwanted baby girl by drowning her in a cesspool.

And there are pages of "lifestyle" advice - how a husband should deal with his wife's lover, or whether Chinese employees need to use English names when working in foreign companies.

For seasoned readers of The Sun in the UK or America's National Enquirer, all this may seem pretty tame stuff. But coming after decades of colourless news coverage, filtered by government censors that treat the press as the state's mouthpiece, the New People's Evening News signals the instincts of the media in an emerging market economy - to entertain the people, rather than to lecture the proletariat.

To do that, the New People's Evening News has had its brushes with the government's propaganda officials, earning a reputation for sailing close to the wind - or, as the Chinese put it, "kicking the ball along the touchline" - of what is socially and officially acceptable for publication in China.

Ding Fazhang, the editor, says the paper seeks to promote the message of the Communist party, "but we will be shielded by China's strict political censorship. But China's previous leaders - preferably dead - are fair game. One cheap provincial magazine has devoted this month's edition to uncovering the secret history of 'Chiang Kai-shek and his women'.

As for the celebrities, China's magazines are avidly lifting stories from the Hong Kong and Taiwan papers. It's a real tragedy that in the 1990s these papers and magazines have borrowed the Hong Kong and Taiwan reporting style and started recycling their stories.

Whether Chinese readers today believe what is written in the newspapers and magazines about celebrity lives or mysterious scientific phenomena is another question. The irony may be that a Chinese people that has grown up to be sceptical of the official line on politics, having learnt to read between the lines to ascertain the latest twists behind Beijing's closed doors, may be relatively naive and credulous when it comes to the tabloids' universal tendency to exaggerate.

But as China has opened its doors to the outside world and begun to expose its media to the rigours of the market economy, a gossiping press is becoming a fact of life for the likes of Mr Zhang: "Attitudes have changed quickly. Reporters have started writing stories about the private life of celebrities at random. And people have started to change their thinking too. They have stopped looking down on them and begun to enjoy reading them." For China's newspaper readers, at least, that is something of a personal choice.

"There has been a big change in the Chinese press's coverage of people like us," Mr Zhang says. "I remember in the 1980s, editors, reporters and their readers thought it low to write or read about the beautiful actress Gong Li.

So does this mean that China's politicians and celebrities are about to have their private lives "glorified" all over the popular press? For the current Communist party leadership the certain answer is no. They will be shielded by China's

strict political censorship. But China's previous leaders - preferably dead - are fair game. One cheap provincial magazine has devoted this month's edition to uncovering the secret history of 'Chiang Kai-shek and his women'.

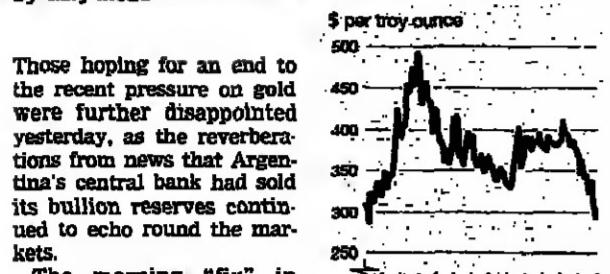
As for the celebrities, China's

COMMODITIES AND AGRICULTURE

Concern over future of gold mines

MARKETS REPORT

By Gary Mead



Those hoping for an end to the recent pressure on gold were further disappointed yesterday, as the reverberations from news that Argentina's central bank had sold its bullion reserves continued to echo round the markets.

The morning "fix" in London of \$297.05 an ounce, was the lowest point since March 1985; the slight recovery in the afternoon, to \$287.40 an ounce, was small comfort in an overall bleak context.

With the economic slowdown in Asia, one of the main stimuli for increased physical demand has weakened in recent weeks. Analysts are increasingly concerned that, with only some 40 per cent of the world's gold mines covering their costs at prices below \$300 an ounce, any prolonged depression in gold prices will force a number of mine operators permanently out of business early in 1998.

"We might see a short-term rally of \$10-\$15 in the run-up to Christmas but the new year will bring another fall to perhaps as low as \$250," said Ted Arnold, precious metals analyst with Merrill Lynch. "My belief is that the European Central Bank will be formed with about 30 per cent of its reserves in gold, which will leave as much as 1,000 tonnes of gold kicking around Europe. That's six years' global production," he added.

WEEKLY PRICE CHANGES

	Latest price	Change	Year	1997	High	Low
Gold per troy oz.	\$286.05	-\$8.00			\$369.65	\$268.05
Silver per troy oz.	319.00	+\$7.00			325.10	253.30
Aukium 99.7% (cash)	\$155.00	+\$2.50			\$179.75	\$141.18
Copper Grade A (cash)	5.40	+\$0.05			5.50	5.25
Lead (cash)	5.20	+\$0.05			5.25	5.15
Nickel (cash)	\$5870	-\$125			\$6780	\$5220
Zinc SHG (cash)	\$1112.5	+\$28			\$1019.5	\$1012.5
Tin (cash)	5.85	+\$0.00			6.00	5.50
Copper Futures Dec	\$1084	+\$3			\$201.75	\$330.10
Copper Futures Jan	\$1766	+\$4			\$211.75	\$122.75
Sugar (LDP Raw)	529.30	+\$0.30			529.50	527.77
Wheat Futures Jan	\$313.00	+\$0.00			313.00	312.75
Cotton Outlook A Index	74.95c	+\$1.95			75.55c	74.95c
Wool (64s Super)	3909	+\$0			3969	4489
Oil (Brent Blend)	\$182.4x	+\$0.76			\$24.25	\$24.95

Per tonne unless otherwise stated. P Penicil, c Cents £, x Jen.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINUM, 99.7 PURITY (\$ per tonne)

Cash 3 mths

Close 1554.5-55.5 1577.78

Previous 1559.5-65.5 1562.63

High/low 1562.5-1572.5 1562.57

AM Official 1565-65 1568-65

Kerb close 1568.104 1572.73

Open Int. 256,104

Total daily turnover 70,206

Source: Datamarket/CIV

LMFE warehouse stockpile

Tonnes Change

Aluminum 625,473 -4,125

Aluminum alloy 43,040 -140

Copper 345,660 +2,100

Lead 116,200 -75

Nickel 65,120 -380

Open Int. 5,964

Total daily turnover 685

Source: Datamarket/CIV

■ LEAD (\$ per tonne)

Close 525.5-6.5 545.3

Previous 533.5-54.5 545.3

High/low 545.5-53.8 545.2-53.0

AM Official 524-25 542.5-3.0

Kerb close 524.48 542.48

Open Int. 15,130

Total daily turnover 9,452

Source: Datamarket/CIV

■ NICKEL (\$ per tonne)

Close 5085.75 5050.80

Previous 5075.95 5061.75

High/low 5061.50 5030.00

AM Official 6010-20 6030-35

Kerb close 6030.35

Open Int. 22,525

Total daily turnover 3,087

Source: Datamarket/CIV

■ ZINC, special high grade (\$ per tonne)

Close 519.00-20 516.00-20

Previous 518.00-20 515.00-20

High/low 517.00-20 514.00-20

AM Official 5170-95 5150-35

Kerb close 5150-35

Open Int. 15,130

Total daily turnover 16,310

Source: Datamarket/CIV

■ HIGH GRADE COPPER (COMEX)

Close 1111.2-10 1108.19

Previous 1115.1-12.0 1108.19

High/low 1109.5-10.5 1103.3-12.5

AM Official 1109.5-10.5 1107.2-12.5

Kerb close 1107.297

Open Int. 83,527

Total daily turnover 44,613

Source: Datamarket/CIV

■ LME AM Official (\$/tne) 1,6825

LME Closing (\$/tne) 1,6870

Spot LME (\$/tne) 1,6870 tne 1,6868 tne 1,6842

Source: Datamarket/CIV

■ NATURAL METALS

Close 1,799.0-0.05 1,798.00

Previous 1,798.00 1,798.00

High/low 1,804.10/5 1,804.05/5

AM Official 1,812.13 1,814.43

Kerb close 1,814.05

Open Int. 160,927

Total daily turnover 44,613

Source: Datamarket/CIV

■ HEATING OIL NYMEX (42,000 bbls/cbm)

Close 1,799.0-0.05 1,798.00

Previous 1,798.00 1,798.00

High/low 1,804.10/5 1,804.05/5

AM Official 1,812.13 1,814.43

Kerb close 1,814.05

Open Int. 160,927

Total daily turnover 44,613

Source: Datamarket/CIV

■ UNLEADED GASOLINE NYMEX (42,000 bbls/cbm)

Close 1,799.0-0.05 1,798.00

Previous 1,798.00 1,798.00

High/low 1,804.10/5 1,804.05/5

AM Official 1,812.13 1,814.43

Kerb close 1,814.05

Open Int. 160,927

Total daily turnover 44,613

Source: Datamarket/CIV

■ NATURAL GAS NYMEX (10,000 mmbtu)

Close 2,146.0-0.05 2,145.00

Previous 2,145.00 2,145.00

High/low 2,145.00 2,144.00

AM Official 2,145.00 2,144.00

Kerb close 2,144.00

Open Int. 2,145.00

Total daily turnover 44,613

Source: Datamarket/CIV

■ NATURAL GAS NYMEX (10,000 mmbtu)

Close 2,146.0-0.05 2,145.00

Previous 2,145.00 2,145.00

High/low 2,145.00 2,144.00

AM Official 2,145.00 2,144.00

Kerb close 2,144.00

Open Int. 2,145.00

Total daily turnover 44,613

Source: Datamarket/CIV

■ GOLD COMEX (100 Troy oz; \$/troy oz.)

Close 288.4 -1.9 289.00

Previous 289.2 -1.9 290.00

High/low 289.2 -1.9 290.00

AM Official 290.2 -1.9 290.00

Kerb close 290.2 -1.9 290.00

Open Int. 290.2 -1.9 290.00

Total daily turnover 290.2 -1.9 290.00

Source: Datamarket/CIV

■ PLATINUM NYMEX (50 Troy oz; \$/troy oz.)

Close 381.0 -28.5 380.50

Previous 377.5 -28.5 376.50

High/low 377.5 -28.5 376.50

AM Official 374.5 -28.5 376.50

Kerb close 374.5 -28.5 376.50

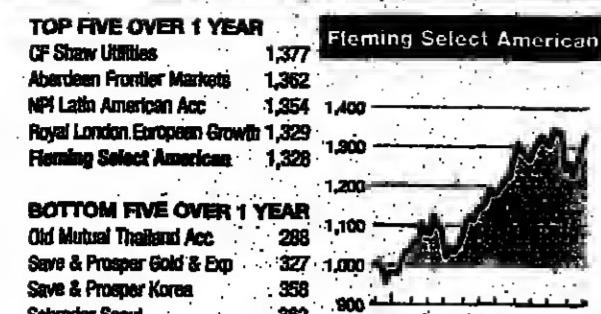
Open Int. 370.5 -28.5 376.50

Total daily turnover 370.5 -28.5 376.50

Source: Datamarket/CIV

UNIT TRUSTS

■ WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: REUTERS (Tel: 01625 511311)

■ Indices

	1 year (%)	3	5	10	Volatility Yrs%
Average Unit Trust	-1028	1320	1765	3118	30.2 2.5
Average Investment Trust	-1035	1327	2089	3420	46.4 4.9
Bank	-1037	1114	1198	1703	0.0 4.9
Building Society	-1034	1111	1202	1610	0.0 5.2
Stockmarket: FTSE All Share	-1212	1722	2103	4159	26.3 3.4
Inflation	-1057	1098	1108	1544	0.3 0.3

	1 year (%)	3	5	10	Volatility Yrs%
Johnson Fry State Growth	1200	2205	2489	-	3.0 0.6
Jupiter UK Growth	1089	1908	2222	-	2.4 2.2
M&G Hartley Growth	1170	1893	2407	2805	2.4 0.6
Mercury Recovery	1109	1858	2245	2855	3.0 1.8
River & Mercantile 1st Growth	1184	1835	-	-	2.7 1.0
SECTOR AVERAGE	1107	1551	1868	3018	2.7 1.8

	1 year (%)	3	5	10	Volatility Yrs%
Fleming Select UK Income	1205	1839	2343	3470	2.5 3.0
Perpetual Income	1168	1728	2453	3397	2.8 2.5
Lazard UK Income & Growth	1189	1705	2049	3472	2.8 3.1
Britannia UK General Inc	1135	1697	1778	2982	2.8 2.8
HSBC Foote Fund	1239	1897	-	-	3.0 2.1
SECTOR AVERAGE	1136	1536	1877	3172	2.6 2.5

	1 year (%)	3	5	10	Volatility Yrs%
AES Smaller Companies	1058	1831	2473	-	2.9 1.1
INVESSO UK Smaller Companies	995	1783	2901	2594	3.7 1.8
Britannia Smaller Co's Acc	1069	1753	2683	3439	2.9 0.4
SECTOR AVERAGE	1005	1395	2142	2453	2.9 1.8

	1 year (%)	3	5	10	Volatility Yrs%
Jupiter Income	1166	1868	3028	5077	2.2 4.0
Lazard UK Income	1178	1761	2263	4103	2.4 4.1
BWD UK Equity Income	1176	1723	2416	3190	2.3 3.4
Britannia High Yield Inc	1142	1623	2246	3725	2.8 2.8
Newton Higher Income	1223	1747	1838	3418	2.6 5.0
SECTOR AVERAGE	1139	1510	1963	3118	2.4 4.3

	1 year (%)	3	5	10	Volatility Yrs%
HSBC High Income	1168	1693	-	-	2.0 5.7
Prolific Extra Income	1098	1561	1962	3028	2.4 4.1
Edinburgh High Distribution	1164	1558	1970	2569	2.4 3.7
CIS UK Income	1177	1528	1891	-	2.4 3.7
Cler Med Retirement Income Inc	1173	1503	1935	-	2.4 5.1
SECTOR AVERAGE	1107	1394	1788	2582	2.1 5.2

	1 year (%)	3	5	10	Volatility Yrs%
Scottish National Capital	3,400				
Framlington Dual Capital	2,688				
Fulcrum Capital	2,500	3,300			
Schroder Split Fund Capital	2,073	3,000			
Fleming Income & Growth Capital	1,945	2,300			
SECTOR AVERAGE	2,000				

	1 year (%)	3	5	10	Volatility Yrs%
Korea Liberalisation Fund	222	1,500			
Korea-Europe Fund	305	1,000			
Schroder Korea Fund	324	500			
Aberdeen New Thai	336	500			
East German	343	1,996			
SECTOR AVERAGE	2,000				

	1 year (%)	3	5	10	Volatility Yrs%
FE inc Japan	1169	1650	1847	11	2.5 4.3
Murray International	1108	1457	1857	6	3.9 3.8
British Assets Ordinary	1167	1430	1493	17	3.4 5.5
SECTOR AVERAGE	1188	1479	1766	-	3.6 4.9

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	1 year (%)	3	5	10	Volatility Yrs%

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• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 573 4578 for more details.

MANAGEMENT SERVICES

	Perpet	Fwd	Conv.	Income Tax
IPS Capital Management PLC				Net Rate of interest payable after allowing for deduction of basic rate income tax.
17a Old Broad Street, Gt Stn	01225 488484			Gross CAR: Gross rate unadjusted to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate' for Cr Frequency at which interest is credited to the account.
Segmented Profit Acc -	160.5	171.5	+1.0	
Seven Equities Profit -	104.5		-	
Private Profits -	221.9	220.5	+1.0	

ET MANAGED FUNDS SERVICE

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OFFSHORE AND OVERSEAS

	Int. Rate	Selling Chgs	Buying Chgs	+/-	Yield
US Accrued	4520.111		-1002.276	-3.42%	3.75%
US Accrued	4501.120		-1002.245	-3.42%	3.75%
US Accrued	4500.120		-1002.245	-3.42%	3.75%
ECU Accrued	1511.943		-300.120	-1.98%	2.20%
Frt Accrued	1701.250		-300.120	-1.78%	2.20%
UK Accrued	1516.120		-300.120	-1.98%	2.20%
Lira Accrued	120.244		-14.400	-11.33%	3.20%
Swiss Accrued	100.244		-14.400	-11.33%	3.20%
SEK Accrued	241.320		-40.000	-16.53%	3.20%
SGD Accrued	5712.000		-1000.000	-0.57%	3.20%
US\$ Accrued	5214.000		-1000.000	-0.57%	3.20%
You Accrued	2400.000		-400.000	-0.16%	3.20%

**BERMUDA
(REGULATED)™**

**GUERNSEY
FSA RECOGNISE**

	Unit Motor Rating Dkps	Ratings Price	+ or - or B+	Yield B%
Dresdner RCM Global Investors (Gibraltar) Ltd				
PO Box 44, Gibratart, G.I.	67481 708900/708901			
Domestic - 5	1,048	2,032	+0.00	0.00
Domestic Equities LTD	1,048	4,704	+0.00	0.00
Domestic Fixed Income F.T.	1,048	4,704	+0.00	0.00
For 1985	1,048	4,704	+0.00	0.00
GPI	1,048	4,704	+0.00	0.00
GPI	750	18,185	-0.05*	0.52

The Financial Times plans to publish a Survey on

on Monday January 19 1998

For further information:

please contact:

Wedderburn or Melanie

Tel: +44 171 873 3234

Fa

US Mid Cap F

		ABN AMRO Global Dutch Guilder Dutchmarks French Franc US Dollar \$
		AIB Fund Managers AIG Global Funds Unit
		DAI Manager Company DHS Managed Company AIS Asset Management
		AIS Europe
		AIS Emerging Markets
		AIS South East Asia
		Allianz Managed Assets
		ABN Capital Funds
		Argentus Growth A
		Argentus Income Fund B
		Argentus Fund B
		Argentus Fund C
		Global Growth A
		Global Growth B
		Strategic Income A
		Strategic Income B
		Washington A
		Washington B
		ADM International
		US Dollar Bond
		US Dollar Money Market
		Abbey National De BVI
		Amundi
		Amundi Capital Va Euro and Euro Sustai
		Argentus European NAV
		Asia Dynamic Gro NAV
		Asia Small Cap Gro NAV
		Asian Diversified E NAV
		Asian Emerging Ma NAV
		Aston Gateway Foun NAV
		Aston Growth Fund NAV
		Asset Korea Fund NAV

**JERSEY
(REGULATED)**

مكتبة من الأصل

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Offshore Funds and Insurances

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Offshore Insurances and Other Funds

LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

The following Investment Trusts are not eligible for inclusion in the FTSE All-Share Composite.

Note: Price + or - high low Date

Name	Price	+ or -	Date
...

MEDIA - Cont.

Name	Price	+ or -	Date
...

PROPERTY - Cont.

Name	Price	+ or -	Date
...

RETAILERS, GENERAL - Cont.

Name	Price	+ or -	Date
...

TRANSPORT

Name	Price	+ or -	Date
...

AIM - Cont.

Name	Price	+ or -	Date
...

Name	Price	+ or -	Date
...

INVESTMENT COMPANIES

Name	Price	+ or -	Date
...

OIL EXPLORATION & PRODUCTION

Name	Price	+ or -	Date
...

OIL INTEGRATED

Name	Price	+ or -	Date
...

OTHER FINANCIAL

Name	Price	+ or -	Date
...

LEISURE & HOTELS

Name	Price	+ or -	Date
...

Name	Price	+ or -	Date
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Name	Price	+ or -	Date
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WORLD STOCK MARKETS

Dow gains in spite of sliding bonds

AMERICAS

US equities ignored a morning of plunging bond prices and new signs of surprising strength in the labour market to send the Dow Jones Industrial Average above the \$8,100 level, writes John Labate in New York.

By 12.30pm the Dow had gained 62.67 or 0.78 per cent at 8,112.82. The broader Standard & Poor's 500 index gained 7.17 at 880.27, while the technology-rich Nasdaq composite index rose 10.40 or 0.64 per cent at 1,623.82.

In the most anticipated economic report of the week, unemployment for November fell to 4.6 per cent, its lowest point in 24 years. Payroll employment surged by 404,000 jobs, while average hourly earnings rose 0.6 per cent. The report set off a wave of early selling in the Treasury market, but by midday bonds were off earlier lows. The 30-year bond price was down 1/16 to 100.45, lifting yield to 6.102 per cent.

The market had its own reading on the jobs report. "Low unemployment is inflationary but it promotes the fact that we're going to see strong earnings," said Michael Clark, head of listed trading at Credit Suisse First Boston.

Leading the Dow higher was Hewlett-Packard, which rose 2 1/2 to \$85.50. Among smaller caps, the soft drinks group Cott Corp repaired early damage following weak third-quarter results, hardening 5 cents to \$14.05.

Growth hopes lift Caracas

Latin American centres spent a mixed morning with Mexico City trading lower but Caracas moving strongly ahead following an upbeat economic forecast from the finance ministry.

CARACAS gained ground to push the IBC index ahead by 0.96 or 1.1 per cent to 82.80 at midsession.

Brokers said volume was on the low side with most participants keeping out of the market until the latest US jobs data could be fully analysed.

Bourses rally after wobble over jobs data

EUROPE

European equities wobbled violently when the US jobs data for November flashed across dealers' screens, but Wall Street made a fairly resilient start and by the European close leading bourses were back on the upside.

FRANKFURT easily recovered its 1 per cent afternoon slide with the stronger dollar helping shares to climb back to morning highs. The Dax index closed 32.09 higher at 4,191.81.

Deutsche Bank was the day's most heavily traded share, up DM2.75 at DM118.10 or 2.3 per cent, as it bought back shares lower. Hambrecht & Quist, which rose more than 9 per cent on Thursday, was down 4.4 per cent yesterday to 32.09.

Merrill's shares were off by 5/4 to \$75.4.

In the computer sector, Ascend Communications surged 3 1/2 or more than 13 per cent to \$30 on takeover rumours. Shares in Netscape Communications rose more than 6 per cent or \$1.14 at \$23.42.

TORONTO moved higher with banks and golds gaining ground steadily after initial slippage following the publication of the US employment data. At noon, the 300 composite index was up 31.29 at 6,693.80.

Gold made progress with Barrick and Placer Dome adding 30 cents at C\$22.50 and 60 cents at C\$15.90.

Banks too were in demand. Royal Bank of Canada rose 25 cents to C\$80.15 and Bank of Montreal improved 5 cents to C\$64.10. Toronto-Dominion Bank added 10 cents at C\$52.70. BCE put on 40 cents to C\$45.90.

Among smaller caps, the soft drinks group Cott Corp repaired early damage following weak third-quarter results, hardening 5 cents to \$14.05.

The composite index rose by 7 per cent for the second day running to close 28.31 higher at 434.12.

Veba was still in focus after Thursday's restructuring announcement, but fell back to close lower after initially touching a year high of

DM116. The shares closed 30 pf higher at DM115.25.

Other utility stocks continued to benefit from speculation that they will soon announce restructurings.

VIAG advanced DM39.50 to DM98.50 while RWE was DM2.05 higher at DM97.75.

PARIS ran up strong gains for CCF and Alcatel Alsthom, with bid rumours supporting the bank and the planned flotation of its GEC Alsthom unit listing Alcatel.

At the end of a relatively slow day for trading, the CAC 40 index was 4.36 ahead at 2,414.40.

CCF jumped FFr15.00 or 4 per cent to FFr389 in good

volume on talk that a foreign buyer was seeing up to a takeover.

The stock has risen 8 per cent in two days, although the upturn on Thursday was at the time said to stem from the group's purchase of a controlling stake in a privately owned Belgian bank.

Alcatel rose FFr160 before slipping back to FFr1747, up FFr17, following positive broker comment on the move to float its GEC Alsthom joint venture. The offshoot has sales of more than Ecu100m and, if all goes well, will be demerged next spring.

Oils continued to rally. Elf Aquitaine put on FF1711 to FFr1899 and Total FFr19 to FFr164.

AMSTERDAM ended 1.77 higher at 920.50 on the AEX index after a low volume session. Financials were weak with ABN Amro slipping 30 cents to FFr106.50. Philips gained FFr1.50 to FFr133.10.

Royal Dutch rallied along with European oil stocks generally, adding FFr2.90 or 2.6 per cent to FFr106.50. Philips gained FFr1.50 to FFr133.10.

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COMPANIES AND FINANCE

German carmakers enjoy US revival

By Richard Waters in New York

German carmakers are set for their best US sales in years, according to figures released this week.

This month's launch of the Mercedes M-Class sport-utility vehicle - the company's first built outside Germany - has been "one of the success stories of this year," according to George Magliano, an analyst at Webs, the economic consulting group.

Mercedes is leading a new European invasion of the US car market that is bringing a rebound in sales for brands such as Audi, BMW and

Porsche. US demand for the M-Class is so great that anyone ordering the vehicle now will have to wait until late 1998 for delivery.

Mercedes sales reached 107,000 by the end of last month, up 31 per cent from a year before and topping the US sales record the company hit in 1992. That was achieved largely without the benefit of the new M-Class, which should push sales up by a similar proportion again next year.

The spectacular reaction from American baby-boomers seems likely to set the stage for a triumphant entry to Europe, where the

German company begins to export the M-Class from its plant in Alabama next Spring.

The success is a far cry from the early 1970s, when the Japanese made rapid inroads into the US luxury car market, which companies such as Mercedes had come to regard as largely their own. "We had priced ourselves out of the market," said Martin Basserman, head of Mercedes-Benz North America.

The Europeans also suffered a dearth of new vehicles, allowing the marketing initiative to slip to other manufacturers. Volkswagen,

whose US sales topped 550,000 at the height of Beetle fever in the early 1970s, sold fewer than 50,000 in 1993, the low point in its fortunes.

The rebound has come even though the demand for new vehicles overall in the US has remained steady.

Audi, which is also riding the wave of strong reviews for its recent A4 and new A6 models, notched up its best November in 11 years last month, and has sold 30,129 vehicles so far this year, 26 per cent more than 1996.

VW's new Passat has now

become the latest German car to create a surge of anticipation, lifting the company to its best November sales in a decade. And that could be just the start: five new product launches over the next year will bring a complete overhaul for VW.

At the luxury end of the market, the Europeans claim their success will prove more lasting this time. Of the onslaught from Japan nearly a decade ago, Mr Basserman said: "We were taken a little bit by surprise when the Lexus 4000 was introduced. Today, we are prepared."

San Miguel moves on bid fears

By John Riddings
in Hong Kong and Agencies

San Miguel, the Philippines food and beverage group, is seeking "expert advice" on how to protect its interests from a suspected bid by First Pacific, the Hong Kong-based conglomerate.

The move comes amid speculation that Indonesia's Salim Group, which controls First Pacific, is preparing an offer for San Miguel.

Expectations of a bid have pushed shares in the Philippines group higher in recent weeks, with A-shares closing up 2.50 pesos yesterday at 41 pesos and B-shares rising 4 pesos to 49.50.

"San Miguel does not have first-hand information concerning the reported transaction, although there is reasonable ground to believe that the First Pacific group has acquired, or is in the process of trying to acquire, a substantial block of shares," said Emmanuel Javelocah, senior vice-president.

First Pacific described speculation about a bid for San Miguel as "months old".

Speculation has been fuelled by this week's sale of Pacific Link, the Hong Kong mobile telecoms arm of First Pacific. The HK\$4.8bn (US\$620m) deal yielded receipts of HK\$2.4bn for First Pacific, providing funds for a possible bid for San Miguel.

INTERNATIONAL NEWS DIGEST

Strong demand for Tianjin IPO

Tianjin Development Company, the investment vehicle for the Tianjin municipal government, says its 14.5m-share initial public offering in Hong Kong eight times subscribed, according to underwriters. The bigger international tranche is understood to be four times subscribed. The offering of 18m shares, sponsored by Merrill Lynch, was priced last night at HK\$6.60 a share, the mid-point of the indicative range, and will raise HK\$1.2bn (US\$155m). Tianjin, the first municipal government to brave the markets since June, when Beijing unveiled tighter guidelines on listing and asset injections into red-chip mainland-backed Hong Kong companies. It is also the first time a municipal government has come to market since the Hong Kong stock market went into reverse in August.

Louise Lucas, Hong Kong

■ VIETNAM

Enron plans \$4bn of projects

Enron, the US-based energy group, has proposed \$4bn worth of projects in Vietnam in power generation and water supply. The announcement comes amid pessimism about the prospects of financing such projects in Vietnam, caused by worries about the regional economic downturn. "We've told the government we've identified \$4bn of projects we're willing to consider," said Enron. Many were at an initial stage only and not all would necessarily be finalised.

The company is working on a \$2bn build-operate-transfer power project for Soc Trang, in the southern Mekong. It also plans a \$160-188m water supply project in Ho Chi Minh City and a \$180m joint venture liquid petroleum gas plant with the state oil agency PetroVietnam for which British Petroleum is competing.

Jeremy Grant, Hanoi

■ PROPERTY LENDING

Credit Foncier attracts interest

Credit Foncier, the specialist state-owned French property lender, yesterday confirmed that a number of investors had expressed interest in forming a partnership with the group, but played down suggestions that a quick deal would be taken.

The company, which was taken over by the state after becoming technically insolvent in 1996, has been seeking a partner to acquire a stake or to take it over and help provide it with up to FF75bn (\$844m) in additional funding to finance its development.

Andrew Jock, Paris

■ LIFFE-CBOT LINK-UP

Open-outcry tie to be suspended

The London International Financial Futures and Options Exchange and the Chicago Board of Trade are to suspend their open-outcry link-up from the close of business on December 17 because it is not attracting enough investors and has suffered from low trading volumes.

The move, which was widely expected, means US Treasury bond and German bund futures and options will no longer trade on the floors of LIFFE and the CBOE respectively. The link was established on May 9 after both exchanges agreed to explore traders' after-hours requirements.

Vincent Boland, London

Security merger blows Kroll's cover

Private investigators inhabit a world in which discretion is all. Clients typically want investigations carried out in secret, requiring private detectives to use sleuth, stealth and tactics often on the borderline of ethical and legal behaviour.

So what is Jules Kroll, the legendary corporate sleuth, doing exposing Kroll Associates, his private company, to the glare of public company status through a merger with O'Gara, a publicly traded US security company?

Kroll is the largest and one of the most successful investigative firms serving legal, accounting and corporate clients. It has been involved in some of the most notable investigations in recent years, such as the search for assets controlled by Saddam Hussein, the Iraqi president, and is recognised as the market leader.

After the merger of O'Gara and Kroll, completed earlier this week, the shares of the new company are traded on Nasdaq, making it the first publicly traded investigative group. The move subjects Kroll to much more strenuous disclosure and other regulatory requirements than it faced as a private company.

Mr Kroll shrugs off any suggestion that the move to merge with O'Gara, which specialises in building bomb and bullet-proof limousines, could hit his business. The

advantages of the merger, such as granting access to equity markets to fund acquisitions, outweigh any possible negative factors, he says.

"We are moving towards a new industry. As a public entity we are committed to delivering value to our shareholders and we shall do that by doing good work and getting paid."

Nevertheless, in a recent filing with the US Securities and Exchange Commission, Kroll reported a decline in net sales in North America, its key market, in the six months to June 1997. However, the company said overall net sales increased 10 per cent to \$36.7m from \$34.4m in the same period a year earlier.

It also said that while it had been achieving higher profit margins in the US, it expected a fall because of increased competition from accountancy firms and other specialist investigative companies.

This week's merger was accompanied by the announcement of the formation of a new company, the Risk Advisory Group, which is to be staffed by more than 20 former Kroll employees and led by Arish Turle, a former SAS officer who was head of Kroll's European operations.

In recent years, there have been other important departures from the company, but Mr Turle's venture represents the biggest split to confront Kroll Associates since

Project Stripe.

In the aftermath of the Turle split, about 10 New York-based employees have been transferred to London, according to insiders, but the future of the office remains uncertain. "Everyone is going round in circles

secretive defence industry corporate case, codenamed Project Stripe.

Kroll's investigative expertise and O'Gara's provision of armoured vehicles and security equipment. Senior executives are also keen

with a potential knife in their back," one Kroll executive says.

Kroll has been hit by other problems. In Paris, it lost business after senior French politicians with links to the local security industry attacked Kroll employees

connections with the UK and US intelligence agencies. In Moscow, Kroll investigations into organised crime ended prematurely when the government refused to co-operate fully and failed to pay the full amount stipulated in the contract.

With CIA operations at O'Gara agrees; "O'Gara's hardware fits into Kroll's piece of the action."

But it is not the only thing his company is looking for from the merger, "I would hope it will bring more financial discipline to Kroll from a fiscal point of view," he says.

It remains to be seen how Kroll/O'Gara will be able to resist answering questions about some of the more sensitive aspects of the business now that Kroll's corporate cover is blown.

to develop potential synergies.

"I could see a situation where a client who wants information on his rival might also want better personal protection and we could offer both," one Kroll executive says.

Ted Price, a former deputy head of CIA operations, who is a senior executive at O'Gara agrees; "O'Gara's hardware fits into Kroll's piece of the action."

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FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS

	THURSDAY DECEMBER 4 1997				WEDNESDAY DECEMBER 3 1997				DOLLAR INDEX						
	Local	Dollars	Local	Dollars	Local	Dollars	Local	Div.	US	Pound	Stirling	Yen	DM	Percentage	
	Day	Pound	Stirling	Yen	DM	Percentage	Day	Index	Yield	Index	Index	Index	Index	Index	
Australia (74)	-200.27	-1.4	177.20	184.33	198.14	-0.8	300.03	178.80	165.11	186.89	198.78	243.87	190.41	218.55	
Austria (21)	-191.55	-1.5	168.49	156.85	176.31	-1.6	191	188.00	166.24	153.52	173.58	213.59	175.14	184.51	
Belgium (27)	-258.71	-0.5	227.14	209.94	231.33	-2.8	255.44	224.91	207.70	234.04	229.80	261.11	221.31	224.46	
Brazil (30)	-285.53	0.5	208.40	216.78	481.35	0.8	158	234.24	200.46	215.85	478.83	322.44	178.96	183.18	
Canada (122)	-212.59	-0.1	188.09	179.32	195.08	-2.1	202.59	197.73	181.89	197.82	218.10	220.50	182.32	186.32	
Denmark (22)	-204.50	-1.5	188.50	187.50	195.00	-0.7	180	187.50	182.00	172.50	187.50	181.74	180.94	183.94	
Finland (29)	-255.73	1.6	251.87	241.95	272.19	-2.2	1.9	280.95	220.85	217.21	215.35	216.49	226.23	203.73	209.90
France (84)	-236.17	0.4	208.95	193.44	217.57	-2.0	2.4	235.33	207.21	191.35	216.36	218.49	226.23	202.73	209.00
Germany (58)	-228.26	1.2	201.95	186.67	210.09	-1.4	1.0	225.46	198.52	183.33	207.28	234.87	183.03	185.98	
Hong Kong, China (36)	-302.22	2.0	332.82	312.49	351.88	-2.4	2.1	374.82	329.86	304.81	344.84	372.07	580.03	314.78	510.05
Indonesia (27)	-90.22	3.3	79.58	73.87	83.33	-4.0	3.08	74.34	70.00	71.01	80.21	81.18	254.80	87.34	228.50
Ireland (16)	-403.60	4.2	357.11	330.08	371.48	-3.5	4.2	254.08	314.88	353.50					

Weekend December 6/December 7 1997

Fears over Yasuda prompt cash pledges

By Gillian Tett in Tokyo

Japanese government and business officials yesterday scrambled to avert another financial failure in Japan amid market unease about the health of Yasuda Trust Bank, the country's fourth largest trust bank.

The business allies of Yasuda Trust pledged to contribute Y50bn (\$35m) in a capital-raising exercise after the company announced more restructuring, including a withdrawal from overseas commercial banking operations.

The Bank of Japan also continued to flood the market with liquidity in an attempt to avoid a credit squeeze at groups such as Yasuda. The Ministry of Finance was reported by traders to be using its reserves to provide foreign currency loans to weaker Japanese banks via a leading bank. This was designed to help

banks having problems raising money in overseas markets, traders said.

The ministry refused to confirm the reports. However, a senior government official said: "We are going to take every measure necessary to prevent a liquidity problem causing any bank to fail."

The steps appear to reflect a shift in policy by the Japanese government, which had been alarmed by the turn of last month triggered by the collapse of Yamamichi Securities, the country's fourth largest broker, and two other large institutions.

Until now, government officials have insisted they would not intervene directly to support the ailing regional banks. The government also refused to bail out Yamamichi Securities when it ran into problems.

However, officials are concerned by the degree to which Yamamichi's failure has dented investor confidence in other

Japanese institutions. Some fear that failures among other big groups could trigger a broader systemic crisis.

Yasuda Trust Bank, which has huge bad loans, has suffered a particular loss of confidence. Its share price plunged last week below Y40, although it closed yesterday at Y131, or Y15 higher, after the pledges of support. Customers have withdrawn assets and foreign banks stopped lending to the group. However, a government official yesterday said: "The bank is solvent. There is no reason for it to fail."

Fuji Bank, which refused to save its ally Yamamichi last month, said it would help Yasuda. It has pledged to provide Y50bn capital. A further Y50bn will be provided by other members of the "Fuji" corporate group: Y10bn from Yasuda Life group, Y10bn from Yasuda Fire and Marine, and Y5bn each from Marubeni and Taihei.

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Adam Taylor, a partner at the London law firm Withers, said: "This is becoming more and more an issue in takeovers, not only among companies in the computer sector but any which are dependent on IT. Anybody acquiring a computer company would be made not to investigate what potential year 2000 liabilities there are."

The government said the disagreement was purely financial, and that Rocca's prospects remained good. "During the negotiations Getronics

gave an assessment of the business with which the state and Rocca could not identify," ministers told parliament.

Mr Risseeuw, who has spent nearly five years in pursuit of Rocca, insisted its withdrawal was not a ploy to secure a reduced price. "We are not playing a game. We talked seriously about this matter, and now it is the end of the story." He said he would look instead at acquisitions elsewhere in Europe.

Shares in Getronics fell 2.4 per cent, ending F16.60 lower at F16.30.

The government is considering what to do next with Rocca, which expects operating profits to reach F170m this year on revenues of F175m.

Getronics, with sales last year of F121bn and net earnings of F131.6m, had won primary in the deal over two far larger contenders.

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But while panic would have been out of place, investors are too merry. It is not just that slow growth in Asia will knock the earnings of western multinationals. As BT warned yesterday, earnings growth, especially in the overvalued US market, seems likely to fall short of expectations anyway.

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In Tokyo, Japanese officials said they were still studying the ruling and would have no immediate comment.

The US argued that various laws and measures taken by the Japanese government over 30 years aimed to neutralise the effects of tariff cuts on photofilm imports by bolstering Fuji's position in the domestic market. Kodak has about 10 per cent of the Japanese market, much lower than its share in the world market.

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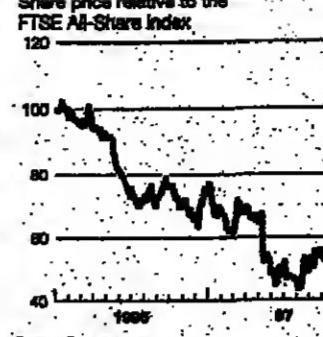
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THE LEX COLUMN

Herd undeterred

FTSE Eurotop 300 index
981.2 (+6.7)
BTR

Share price relative to the
FTSE All-Share index



bureaucratic resistance also provides an auspicious backdrop.

Still, the status quo is not an option. The choice is between stiff medicine now or stiffer medicine later. Either way, the implications are profound. The stabilisation measures will cause growth to fall and unemployment to rise. Meanwhile, the government will have to stop directing investment from the centre, the *chancellors* will need to start making investment decisions based on returns, not market share, and the banks will have to learn basic credit assessment.

Bond markets have, of course, been supportive. But yesterday's US job data suggest markets cannot both have strong growth and low inflation indefinitely. If unemployment continues to fall at the current rate, it will dip below 4 per cent in a year - surely a level that triggers inflation. Meanwhile, the confusing mixture of inflationary US tendencies and deflationary Asian forces raises another risk: that the Federal Reserve, which has averted the long US upswing almost impeccably, will make a mistake.

US jobs

Here is an apparent contradiction. The US unemployment rate has just fallen to a 24-year low of 4.6 per cent. Meanwhile, announced corporate job cuts hit their highest level in three years last month.

Sewing machine maker Singer, textile company Kimberly-Clark, Levi Strauss, Eastman Kodak and Citicorp have all announced 5,000 to 10,000 job losses.

There is a logical explanation for this. Mature manufacturers, squeezed between growing international competition and flat or falling prices, are cutting staff. By con-

tract, younger industries, like high-technology and service companies, are busy hiring. Of the remarkable 3m net new jobs created in the US economy in the past 12 months, 87 per cent have come in the service sector.

Though painful for the people involved, these big job cuts are healthy for the economy as a whole. By resupplying the market with often highly skilled workers, they are helping to ease labour market tightening and reduce inflationary wage pressures. Without this, arguably, the steady expansion of the past seven years would already have run into the buffers. Even so, it is not enough. Average earnings growth is now running at an annual rate of 4.1 per cent. If the worst of the Asian crisis is indeed past, the Federal Reserve will start to run out of reasons to delay an interest rate rise.

BTR

Oh dear. With a fifth profit warning in three years driving the shares down 12 per cent, BTR has pushed its shareholders to the brink of despair. But it would be wrong to chop chief executive Ian Strachan quite yet, despite BTR's underperforming the market by 55 per cent since he took over in January 1996. The impact of the strong pound and weak Asian markets was beyond his control. And the profit warning from Cockson, another conglomerate exposed to Asia, makes the market's surprise surprising.

Nonetheless, Mr Strachan will remain on stay or execution until clear signs of a turnaround appear.

Few doubt that the strategy he is pursuing is right: as a pure (though still diversified) engineer aiming for growth rather than margins, BTR should be more attractive than in its current incarnation. And calls for a complete break-up of the company may be premature. They pre-suppose that further value can be unlocked from the remaining automotive, control systems and power drives divisions. But until BTR's disposals are complete, it will be hard to tell for sure.

With the energetic Bob Beumann soon to be chairman, Mr Strachan's purge of the old BTR culture should become easier. There should be no excuses for further restructuring provisions once the current slew of disposals and a substantial share buy-back have been completed. If BTR is still flagging then, Mr Strachan will have to fall on his sword.

'Millennium bug' blamed for Dutch sell-off collapse

By Gordon Cramb
in Amsterdam

The biggest Dutch privatisation of the year collapsed yesterday when the bidder for Rocca, the state computer services agency, said legal worries from the "millennium bug" made it too risky to proceed.

Getronics, an Amsterdam-listed information technology company, two months ago won exclusive rights to negotiate with the government on the estimated F1.8bn (\$650m) purchase. The Hague rejected a rival offer by International Business Machines of the US. The deal would have created the country's biggest computer services group.

Ton Risseeuw, Getronics chairman, said yesterday the state was not willing to provide adequate indemnities against lawsuits if Rocca software made computer

systems go wrong at or around the turn of the century.

The case is a striking example of the difficulties faced by the IT sector because of the inability of older software to distinguish between the years 2000 and 1900. It is one of the first where the problem has been blamed for scuppering a well-publicised merger within the industry.

Adam Taylor, a partner at the London law firm Withers, said: "This is becoming more and more an issue in takeovers, not only among companies in the computer sector but any which are dependent on IT. Anybody acquiring a computer company would be made not to investigate what potential year 2000 liabilities there are."

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DECEMBER 6 / DECEMBER 7 1997



Vital volumes

Three pages of books of the year – from biography to fiction, art to politics and sport to food and drink



The wine list

Jancis Robinson begins her seasonal recommendations: this week – which reds you should be buying



Modern v mock

'Neighbours heard that the old traditional house would be demolished and a new futuristic one built'

Pages V-VII

Page XIX

Page XXIV

The next move is mine

Peace protests are passé. The big issue on the US campus, reports Bruce Clark, is personal politics

On a bright mid-winter's day, when the stark urban landscape of flimsy wooden bones and under-used factories is softened by a fresh fall of snow, the small city of Binghamton is a fine vantage point from which to contemplate the ebb and flow of the American dream.

Although it is home to International Business Machines, this reflected glory cannot disguise the industrial decline that has boosted the relative importance of the city's other dream factory: the plain, concrete classrooms of the State University of New York, a campus that has made up in political fervour what it lacks in glamour.

Mother Jones, California's journal of liberal chic, has dubbed Binghamton one of the 10 most activist colleges in the nation. A year ago students occupied the university's head office for a week after the administration tried to limit numbers at a college assembly meeting and police intervened with pepper spray.

The college provides an important early stepping stone – an inexpensive, no-frills education – for immigrant communities in pursuit of happiness. Koreans, Indians and ex-Soviet citizens are among the latest.

But the angry tone of student politics, and the passion in the pages of the campus newspaper – Pipe Dream – is a vivid reminder that something has happened to the American ideal.

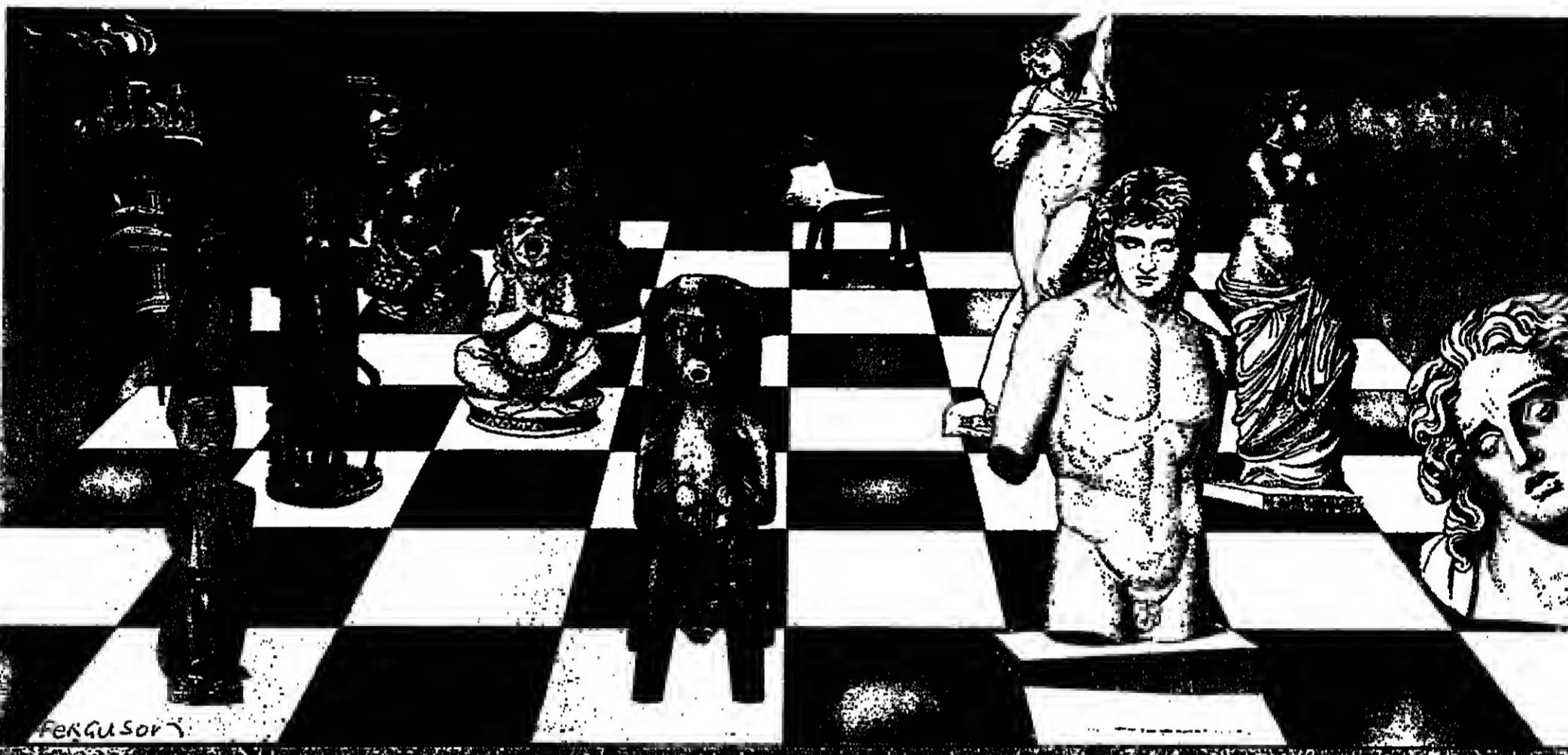
There is not one dream, but many. Fundamental questions about America's cultural identity, its past and future are being answered in so many different ways that even a country as big, tolerant and flexible as the US is struggling to accommodate them all.

In contrast with the anti-Vietnam war movement or the campaign against investment in South Africa, the latest student debates show little immediate concern about events in distant lands, or America's role in them; nor do they place much emphasis on overturning the economic system.

Compared with the 1960s or even the 1980s, the issues that stir the passions of today's student body are much closer to home. They have to do with the curriculum, and by extension the whole balance of cultural power on the campus. They can be summed up in two words, which have a soft, woolly sound but have acquired a specific, and emotionally charged, meaning: multiculturalism and diversity – or to put it crudely, the politics of ethnicity, identity, race and gender.

Yet the stakes in the new campus war could hardly be higher. At issue is what sort of country America imagines itself to be, how it views its past and what sort of nation it is striving to become in the next millennium.

For a vocal minority of Binghamton's students and faculty, the educational system is still far too biased in favour of traditional western culture and the "dead white males" whose ghosts the radical wing of academia is trying to exorcise from the young American mind. But the elected leadership of the student body, in a sort of



role-reversal that has become quite common on American campuses, has exactly the opposite complaint.

Its political complexion is well to the right of the university administration – and it thinks the curriculum, and the general tone of university life, already make too many concessions to radical and minority grievances.

In common with many other colleges, Binghamton boasts a right-wing student magazine that unleashes articulate broadsides against conventional liberal wisdom on race, gender and culture.

"I see a bad tide rising..." writes a certain John Carney in a recent issue of the Binghamton Review. "Education into civilisation is all but gone. In its place is multicultural education, education against civilisation. Multiculturalism has declared open season on our inherited wisdom, proclaiming its obvious dedication to anti-American politics as a virtue."

In a college whose administration's stated priority is winning the trust of ethnic-minority students – who make up about a quarter of the campus – such journalism is a battle-cry in an escalating cultural war.

Disturbingly – for anyone concerned about America's ability to survive as a single, coherent nation – the conflicting parties do not sound like participants in the same argument. They seem to inhabit separate universes, destined either to clash or to co-exist – but not to meet

not being heard," says Roger Summers, a gentle-mannered African-American administration official who describes his aim as creating a "community where people can share their thoughts and views" and talk through their complaints. In practical terms, this means inviting successful black persons to speak on campus – "Turning Conflict and Diversity to Your Advantage" was a recent title – and persuading radicals that the university will stand firm against the excesses (as they see it) of campus conservatism.

But minorities are not the only ones to feel aggrieved. In the words of Arthur Levine, the author of a forthcoming book based on research at more than 30 campuses, "there is a broad

sense of victimisation" afflicting every section of America's student body. "Every group feels the problem is coming out of its own hide."

And Binghamton is no exception. Laurie Quinlan, an impeccably polite philosophy major who heads the executive board of the Students' Association, says she and many of her friends view as a "complete waste of time" the sort of political correctness that is already built into their education.

Because "multiculturalism" has become a code word for the most aggrieved minorities – African-Americans and Hispanic students – she says it alienates

students who arrive on campus with an open mind. "For example, I'm Irish-American, and I'm being told my background isn't good enough."

The rightward movement in the student leadership reflects a conservative trend among European immigrants to the New York area – Italian-Americans, Greeks, Americans and the traditional community – who are abandoning their old allegiance to the Democratic party.

But Quinlan and her fellow conservatives – her closest ideological ally is a Chinese-American woman – present their political trajectory as an understandable reaction to the absurd excesses of radicalism.

"Many of my friends became more conservative when they got here because they felt ostracised by all this multiculturalism," says Quinlan. "White males on this campus are made to feel that whatever they do, however hard they try, they can't get it right..."

Ironically enough, her office – held for part of last academic year by a far more stridently conservative figure, a former army ranger aged 37 – commands substantial power because of the legacy of leftist student protests. It was only after the 1960s that the organs of student government won recognition as independent, responsible legal entities, and were given some say over the curriculum.

All undergraduates are now required to take a course in "American pluralism" – covering three of the five cultural traditions in the European, African-American, native American and Hispanic. There is another obligation that sounds like a gift to critics of academic soft-mindedness: a course in "global interdependency", which is defined as the study of any phenomenon – economic, cultural, musical, medical or even geological – which

straddles more than one region of the world.

But advocates of multiculturalism were bitterly disappointed when Harpur College, the liberal-arts section of Binghamton University, voted earlier this year by a water-thin majority to strike down the so-called "diversity requirement". Notionally in force since April 1995, this measure obliged students to take at least two courses on "differences traditionally under-represented in the US curriculum".

These courses must give weight to issues such as "inequalities of power, the nature of oppression and relations of dominance among various groups of people". In a small sop to the right, it was conceded that "the wide diversity of theoretical perspectives" could be used to consider these issues.

Maria Lugones, a Latin American studies professor who strongly supports this requirement, eyes the ill-tempered dialogue which led to the measure being struck down by a deeply divided college council that included faculty, students and administrators – was in itself a vivid illustration of why the curriculum needs radical change.

She presents her case for obliging students to study overt and hidden forms of oppression in a language studded with naivety that is utterly remote from the hard-headed scepticism of Quinlan and her friends. Studying diversity, she argues, should be much more than observing differences in human society.

Students must learn to understand "not only the process of othering, but the construction of the other and oneself". In other words, she wants to create a way to look at oppressed groups – women, racial, linguistic and sexual minorities – through a lens other than the oppressor's.

But if the intention is to

help young Americans understand each other better, it seems in some quarters to be having the opposite effect. For campus conservatives, such language is simply an eccentric hold-over from the cult of the victim, fast going out of fashion in mainstream America.

Lois DeFleur, the university president, is defiantly unflustered by the chasm that divides her freedom: "They're so bright, so verbal, so ambitious." She even loves the way they demonstrate: "They clean up... they're not destructive... they have organising committees, negotiating committees, walkie-talkies, so much more sophisticated than our generation was in the 1960s."

What will they do with all this sophistication? In its first two centuries, the US has shown an astonishing ability to absorb, accommodate and neutralise dissent and cultural difference of

every kind. But in a strange way, the death of the cold-war debate over economics and foreign policy has not brought young, educated Americans closer together.

The old arguments have been supplanted by something even more volatile and divisive: students have begun arguing about their own identities, their very selves. And they are not inclined to compromise.

"When Hope and Fear Collide" Jossey-Bass

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Joe Rogaly

Poor law

If you are eating caviar it is tiresome to think of hungry eyes peering in'

Page III

NEXT WEEK

Wine List II

Jancis Robinson turns her attention to the best whites of the season

In FT Weekend

PERSPECTIVES

Mobile phones have been accused of many things. They distract passengers in trains and diners in restaurants, interrupt plays and operas, cause road accidents by distracting drivers, spoil the view through ugly transmitter masts, and are feared to cook the brains of frequent users through excessive electromagnetic radiation. Now they are threatening the science of radioastronomy.

Interference from mobile communications is already making it more difficult to detect faint radio signals from outer space, and astronomers say communications satellite networks planned for the next few years could make matters far worse — obliterating the wavelengths that are most important for scientific observation.

The threat is more serious than the similar problem of man-made light pollution for conventional telescopes. In optical terms, it would be like trying to see faint stars through the glare of human

dreds of powerful spotlights in orbit.

The demise of radioastronomy would be a tragedy for science. The field has contributed enormously over the past 50 years to our understanding of the universe and has huge potential to make more discoveries.

Distant galaxies, several stages in the evolution of stars and many molecules in interstellar space can only be detected by their radio emissions, because they do not give off enough radiation in other regions of the spectrum (infra-red, visible, ultra-violet, X-ray and gamma-ray). And radioastronomy is essential for studying the "cosmic microwave background", the faint relic of the Big Bang that started our universe.

The radio spectrum is

divided up between competing users through a series of global and regional agreements under the auspices of the International Telecommunication Union. The most recent of ITU's biennial World Radiocommunications Conferences, WRC-97, has just finished in Geneva. Unfortunately, radioastronomy is increasingly being squeezed out of its allocated frequency bands by the insatiable demands of commercial users, particularly mobile telephone companies. Although astronomers make sure they have representatives to fight their corner at meetings such as WRC-97, they are inevitably outgunned by companies spending billions of pounds on satellite communications services.

Satellite operators say

"I WAS PICKING UP SOMETHING FROM REALLY DEEP SPACE BUT NOW I'M GETTING INTERFERENCE FROM SOME CLOWN WITH A MOBILE"



26/12/97/2

they will stay away from the frequencies that are most important for astronomy. The question is how far away.

Astronomers emphasise the strength of man-made

transmitters, compared to celestial radio sources; a single mobile telephone transmitting on the moon would be the third most powerful radio source observable in the universe.

As a result, there can be disastrous interference even when, on paper, there is a frequency gap between them.

Two bands allocated to radioastronomy in the 1980s — and still vitally important today — are 1400-1427 MHz and 1610-1613 MHz. They cover the natural transmission frequencies of neutral hydrogen and the hydroxyl (OH) radical respectively.

The hydroxyl band is particularly threatened by new mobile communication networks, such as the Iridium consortium led by Motorola of the US, which plans to fly 66 satellites in low earth orbit by 1998.

They will beam down signals to mobile phones in the 1621-1628 MHz range, which is disconcertingly close to

the 1610-1613 MHz reserved for science. Astronomers fear they will be swamped.

Radioastronomers have escaped the worst effects of earth-based radio services, because transmitters have deliberately been built away from radiotelescopes and vice versa.

Wolfgang Reich of the Effelsberg radio-observatory in Germany says: "We're located in a valley and the hills protect us from terrestrial sources, but there's no escape from satellites."

Communications companies can make technical adjustments to reduce their impact on astronomy, by cutting down emissions outside their defined band. But Jim Cohen of the UK's Jodrell Bank radiotelescope, who chairs the European Science Foundation's Committee on Radio Astronomy Frequencies, says companies are reluctant to make the necessary investment.

"The problem is that the ITU has not yet placed limits on unwanted emissions from the satellites," he says. "They can only protect us if they think of us when designing the system, rather than trying to protect us as an afterthought."

The search for natural radio sources such as quasars, pulsars, and interstellar gas clouds is not the only activity threatened by man-made radio pollution.

The search for extraterrestrial intelligence (SETI) is an increasingly respectable scientific pastime that requires clear radio reception to hear any signals from civilisations elsewhere in the universe.

It would be a shame if our eagerness to baffle endlessly among ourselves, as we rush around the earth, were to blot out a message from intelligent life on a distant planet.

Minding Your Own Business

The wine that grew under pressure

The Frasers took on a vineyard three years earlier than planned. Grania Langdon-Down reports

Nick and Charlotte Fraser found themselves in the deep end of the wine vat when they bought an 18th century stone house, with vineyard, in south-west France. Their aim was to go to "wine school" in Bordeaux for three years and then to run their own vineyard when Nick retired after 24 years with a City of London stockbroker.

They bought the house, Domaine de Perches, just outside Gaillac, in 1988; it took them three years to get it smartened up. During that time, they leased the 30 acres of vines to a farmer, who sold the grapes to the local wine co-operative.

The farmer was due to retire in 1996, by which time the Frasers expected to take over. But two months before Nick's retirement in 1993, the farmer announced he was giving up immediately.

The Frasers were left with a vineyard but no one to run it. They turned to Jacques Auque, their French neighbour, for advice. He suggested three options: find another tenant; sign up with the local co-operative and sell it the grapes; or find a friendly vigneron (vineyard owner) to help them look after their vineyard and actually produce wine.

When they realised that Auque was offering to be the vigneron in the third option,

they decided to take the plunge and work with him to produce their own label.

"Of the three choices, we were worried that if we let out the land again, we might not get it back; and we did not want just to squeeze the grapes and sell the juice off to the local co-op," says Nick.

"We felt there was no point becoming involved in the process unless we were making our own wine — but that meant doing everything from bottling to marketing. If it had not been for Jacques and his son Bernard, we would never have taken it on."

"He had just extended his zone [wine cellar] and was happy to defray some of the costs by letting us use his wine press and some storage space for our vats. Another enormous advantage of working with him has been the way it has opened a lot of doors into the French wine community."

Neither of the Frasers had envisaged a lazy retirement. After 24 years with James Capel, the last six as director in charge of investment management, Nick, 62, combines the administration of the vineyard and marketing their wines with an advisory job in London as non-executive deputy chairman of Matheson Investment.

Charlotte, 56, who started her career as a dress and knitwear designer, retrained

as a horticulturalist 15 years ago and has run her own nursery garden in London. She transferred her enthusiasm for plants to the vines and is particularly involved in the vinification and blending processes.

Marrried for 16 years and with six children between them, the Frasers divide their time between France and their home in Chiswick, west London, depending on the demands of the vineyard.

They have found the bureaucracy surrounding wine-growing "amazing". Nick says: "You are controlled at every stage and you have to be very careful to conform. The authorities — starting with Brussels, then Paris and Toulouse — are regarded as demons by the locals." This is where the bodies responsible for overseeing wine production at European Union, state and

local level, respectively, are based.

Their first vintage was 1993, when they made a Sauvignon Blanc and a Blanc Sec, both of which obtained Appellation d'Origine Contrôlée (AOC) status by reaching the standard set by the local wine committee. The following year they produced a Mauzean and an oaked Sauvignon and two years ago made their first sparkling wine.

Sales have grown from 30,000 bottles in 1994, limited that first year because part of the harvest failed, to about 100,000 bottles over the past year.

It cost about £200,000 to modernise the vineyard. This included buying equipment such as tractors, vats and pumps, for about £100,000. New vines cost about £20,000, preparing and improving the vineyard

£20,000, planting the new vines and putting them and the old vines up on wires. £20,000. Work on the storage buildings and wine cellar cost a further £24,000.

The Frasers raised the money through grants from Brussels, Paris and Toulouse, amounting to £20,000.

They also successfully applied to the French ministry of agriculture for a £100,000 agricultural loan, which they have to pay back over 10 years at a government-subsidised interest rate of 3% per cent. That left about £70,000 to fund their own resources.

Alongside the vineyard, they own 50 acres of arable land which a local farmer has planted and harvested for them since they bought the property.

Nick has worked out that their overheads for the vineyard and the arable land

come to about £120,000 a year. Of this, £50,000 goes on insurance, accountancy, repayment (plus interest) of the loan, taxes, wine technicians to advise on the tasting, maintenance of equipment, treatment of vines, and hire of a grape harvesting machine.

They have one permanent and one part-time worker, which costs about £11,000 in salaries and a further £5,000 for the French equivalent of social security. The Frasers also pay the Auques £10,000 for overseeing the vineyard, the vinification and use of their côte. Bottling, labelling and packing costs about £3,000.

Charlotte says their efforts have been welcomed by the local wine community. "Gaillac was a very run-down area and it was only about 10 years ago that people started investing more

money in the vineyards. So the locals see all investment as helping the whole area."

Nick adds: "Also, we do not attempt to market our wine locally so we do not compete with them. Right from the start, we decided to concentrate on the tastings, maintenance of equipment, treatment of vines, and hire of a grape harvesting machine."

The Frasers' first bulk sale was of 15,000 bottles to a mail order company Direct Wines, which costs about £11,000 in salaries and a further £5,000 for the French equivalent of social security. The Frasers also pay the Auques £10,000 for overseeing the vineyard, the vinification and use of their côte. Bottling, labelling and packing costs about £3,000.

The remainder is sold through a variety of outlets, including Berry Brothers & Rudd in London, and Averys of Bristol. It retails at between £4.50 and £8 a bottle. "We knew it was going to take a good five years

before we started making a serious profit. We are now at break-even point but we ought to be able to make £20,000 a year profit eventually," he says.

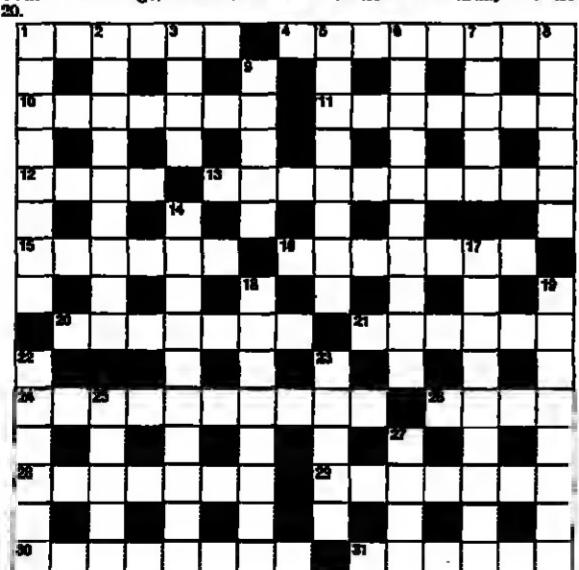
"Expanding production is not really an option unless we buy more land. We have decided to concentrate on improving the quality of our wine rather than increase our output. Fortunately, I have my pension so it is not life and death to us to make a huge profit."

Nicholas and Charlotte Fraser, Domaine de Perches, Laboie, 81600 Gaillac, France; tel (05 33) 05 63 33 16 05, fax (05 33) 05 63 33 17 11. Domaine de Perches UK office, 5 Oxford Road North, London W4 4DL; tel: 0181-742 2392, fax 0181-742 2392

Next week: French bureaucracy defeats a British couple

CROSSWORD

No. 9,551 Set by DINMUTZ
A prize of a classic Pelikan Souvenir 500 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions, by Wednesday December 17, marked Crossword 9,551 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9EL. Solution on Saturday December 20.



Name _____
Address _____

WINNERS 9,536: A.J. Lee, Ipswich; A.J. Freeman, Purley, Surrey; Mrs G. Johnson, Newton, Cambridge; Mrs Joy Martin, Wigington, Cheshire; B. & G. Welt, Hook End, Essex.



ACROSS
1. Rest of the day (6)
4. Tin stars displayed in Atlantic Ocean (6)
5. Surrounding French well in a mountain? (7)
11. Wine for bear? (7)
12. English county & US state? (4)
13. Small car, with damaged exterior, is reduced in value (10)
15. Not, for example, said to make an admission (6)
16. A pound of weight or exchange here in Canada? (7)
20. Severe road accident in break at university? (10)
21. Want to go around, showing licence (10)
22. Conduct is good in Scotland — can be destroyed (8)
23. Jelly, for example, over entrée (7)
25. Custom to have banger with front parts missing (6)
30. Fancy Aintree's covices? (8)
31. Fighting dogs (6)

Solution 9,550

OPPOSITE POMPEII
R I W H O D E R
A I R E H E A D C
D O M E D B R O A D L O O M
S O N S E S O N
T H E F B I G U A R O S
N A L A G A
L R E A C H E R Y N O I S E
U S R N A A
J A S A I W E I K N I C H T
B U N E A E A A
D E P R I M A N O P L U M B
S E L R E A G E L
L A B C R E A L I V E
S E L R E A L I V E

Solution 9,539

DOWN
1. Still crackling on a line? (8)
2. Enough space in which to judge Othello in retirement (5-4)
3. Bank secure with rand? (4)
4. Display scope of Hendon, possibly (8)
5. Trap from Bath heads National flower over hospital entrance (8)
6. Stayed around firm... (6)
9. ...hung around, say, to become sober (5)
14. Vehicles stop advancing here, near Croydon (10)
17. This, a mere alternative holiday plan (4,5)
21. Conduct is good in Scotland — can be destroyed (8)
23. Jelly, for example, over entrée (7)
25. Custom to have banger with front parts missing (6)
26. A piece of baggage turned up here in Oklahoma (5)
27. Cover nothing in a bathing pool area (4)

Solution 9,538

North NB NB NB
East NB NB NB
South 1H 1H 1H
West NB NB NB
NB IS SNT

South did well to open 1H, rather than 2NT. With a poor 30pts, game is most unlikely if partner cannot respond at the 1-level. Against SNT, West led JS and declarer played dummy's K4, which held the trick. Declarer then led Q4, and East covered the honour with an honour, just as he

had been taught. South tabbed his hand, and claimed nine tricks.

Cover an honour with an honour only if there is a chance of promoting a lower card for your side. Here, by covering Q4 with K4, East did succeed in promoting West's 24 but, sadly, only when it was too late.

East should have reasoned that if declarer held three spades, then so did West, and no trick could be promoted. If, on the other hand, West held four spades, then declarer held only ♦Ax and, without an outside entry to dummy, if East refused to cover K4, declarer would be limited to only two spade tricks.

Many players are told that to hesitate is cheating. This is incorrect. To hesitate for no reason would be wrong; to take advantage of partner's hesitation would be unethical. But to stop to think about a problem is both acceptable and desirable.

Here, East can afford to cogitate over whether to play high or low, even if he gives away the position of K4. The decision could be — and it deserves consideration.

When KQ matches are tied 1-1, they will be settled by five-minute blitz and 30-minute rapid chess, a format which the 20-year-old enjoys

had been taught. South tabbed his hand, and claimed nine tricks.

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"If Black [to play] had made the right move now, I would have resigned," he said later. Kurajica didn't see it, and Karpov won game and match. What should Black play?

Solution, Back Page

Leonard Barden

CHESS

BRIDGE
Controversy has already enveloped the first knockout world championship, which opens at Groningen, in the Netherlands, on Tuesday, before a pawn has been pushed. Kasparov will not play, and after a grandmaster protest against the holder Karpov's seeding to the final was rejected, world No 2 Kramnik joined him on the sidelines.

Many believe the event is a lottery, and there is also unease about the record \$5m prizefund, originally put up by a Russian oil group but now guaranteed only by the Fide president Ilyumzhinov, ruler of Kalmykia, an obscure Caucasian republic.

Still, the GMs will be doing their best, none more so than Nigel Short, who was in the same quarter of the draw as Kramnik and now has a chance

PERSPECTIVES



Joe Rogaly

Hungry eyes peer through the window

The number of very poor people on the planet is increasing. Are there any weapons left in the war on poverty?

Reach for the champagne. It is time to talk about poverty. We must show concern for less than a dollar a day. Focus on starving babies, short lives, bad water. This is a lot to ask. If you are busy trying to heap caviar on your spoon it is tiresome to think about the hungry eyes peering through the window.

Most American politicians find it impossible. Lyndon Johnson declared a "war on poverty" but his successors withdrew from the field. The US is abandoning the contest, at home and abroad. Foreign aid is no longer thought about, even as an adjunct to foreign policy. Its effectiveness is doubted. Anyone who calls for further contributions from taxpayers is curtly rebuffed.

We Europeans, whose air of moral superiority is matched

only by our fiscal parsimony, pretend to be shocked. Yet the American hard-liners are not driven by greed alone. Insularity plays its part. So does disappointment. Untold billions have been poured into Africa south of the Sahara, but the region's agony persists. Such evidence is not easily disregarded.

Against that, many of us in the rich west still believe that humanity should not tolerate abject poverty, should aim to eliminate it. The British government has set that as a goal. Admirable. The question is, how? One non-British suggestion is that assistance to India, Pakistan and neighbouring countries should be diverted to few Saharan Africa. Let south Asia take care of itself.

Another notion floats past our ears. International financial transactions should be taxed and

the proceeds spent on the world's poor. American senators have scepticism at this one. Other reveries appear. There should be a planetary minimum income. The World Bank and/or national aid agencies should be reconstituted or abolished. Every state university in the US should adopt a developing country, assist its students.

This last vision is pure Jimmy Carter. The former president of the US gave his version of it on Wednesday. He was at a conference organised by the Aspen Institute, a distinguished talk tank. It was at a meeting of the institute in Aspen, Colorado, that Margaret Thatcher famously admonished George Bush not to "go wobbly" the day after Saddam Hussein invaded Kuwait.

This week we lesser mortals met in England. If we were wob-

bly it was from the effort of carrying the heavy volume of background material prepared for our delectation.

Here is what the Aspen papers, and the talk, boil down to: capitalism does make some people rich, some less poor. On its own, it is an insufficient means of reducing absolute poverty. You cannot rely on trickle-down.

East Asia is the currently fashionable case study. It opened its economies to outside capital and trade. The proportion of its population living on under a dollar a day fell from 40 to 20 per cent in two decades. That put rice in the bowls of 850m people.

It was not achieved by simply letting the market rip. Many of east Asia's economies were heavily steered. Companies worked hand in glove with administrations. Taxpayers' money was spent on primary

education and health. Between 1970 and 1995 the infant mortality rate was halved. Governments sought consciously to bring the benefits of growth to those people.

Integration into the global economy is, most economists insist, plainly a first step. There are others. At the Aspen meeting we wrote this recipe down: as "market plus". The ingredients vary. Budgets must move towards balance. Central banks should be independent. Governments must be competent; the poor active in their own interest. Institutions reformed.

China has many of these planks in place. Before the financial failures of the past few weeks, east Asia as a whole was set to halve the proportion of its very poor yet again, well before 2015. (The data appears at the top of a table prepared by World

Bank staff.) But even in China some provinces are being left behind.

South Asia is also reducing

poverty but its expected rate of wealth creation is slower than

that expected of its eastern

neighbours. Its people might benefit from a stronger dose of market liberalisation. It still has more people living in dire poverty than any other area. If it were liberated from all outside assistance it could go either way, move to a Pacific rim rate of advance or sink into desperate African squalor.

Sub-Saharan Africa is not

catching up at all. It has allowed

wars to drain its resources,

corruption to sap its energies. It

needs growth of 2 per cent a year

but its projected performance in

1997-2000 is 0.6 per cent. In this,

the most unfortunate part of the

planet, 15.7 per cent die before

reaching the age of five. Black

Africa's share of children in pri-

mary school actually fell

between 1990 and 1993.

I take most of these figures

from a paper presented to the

Aspen meeting by Michael Wal-

ton, director for poverty reduc-

tion at the World Bank.

You could be an optimist. On

standard measures - access to

clean water, longevity, literacy

and the like - life is better for a

larger proportion of the world's

inhabitants than it was a couple

of decades ago. But the popula-

tion has grown, and so has the

number of very poor people.

It would be marvellous would

it not, if "market plus" could

work as swiftly on improve-

ments at the lower levels of

human existence as it is at

enriching the rest of us.

Bubbly, anyone?

e-mail: joe.rogaly@ft.com

Lunch with the FT

Hang on to your wallets – here comes Drucker . . .

He can make you give generously. Christian Tyler meets a man who knows how to raise £10m

With England's richest counties on his doorstep, the Financial Times paying the bill, Henry Drucker might have chosen an eye-wateringly expensive restaurant. For is Drucker not the lunch-buddy of billionaires, the *eminence grise* of British fund raisers, the man with the honed tongue and the cash-register eyes?

It seems not.

My guest was far from ebullient. Indeed, he seemed a little apprehensive. He chose a modest local restaurant, Michel's Café Français in the Oxford suburb of Headington, a place where hospital bigwigs go to be chatted up by medical equipment salesmen. The only immobility was the £21 they charged for a dull bottle of Fleurie.

We met first at the headquarters of Drucker's consultancy, Oxford Philanthropic. I saw no soaring steel-and-glass tower with pouting receptionists in its atrium, only a cosy, converted terrace house down a side street. The boss sat at a big old leather-topped desk in the back room.

Drucker has been all over the media recently, commenting on the Formula One affair in which a £1m donation to the Labour party became linked to the prime minister's exemption of the sport from a tobacco advertising ban, leaving Tony Blair looking just another pork-barrel politician.

The pundit of philanthropy is a Labour-supporting American who taught political philosophy at Edinburgh University for 20 years and has worked with senior government figures Gordon Brown, chancellor, and Robin Cook, foreign secretary. He was briefly taken on by Blair's private office before the general election in a fundraising capacity.

The impression given at the time was that he was to be an important player. In fact, he never got the big contract he was expecting and was paid off after writing his consultant's report. Drucker says the relationship was ended because he had objected to a "blind" trust set up for Blair by another fundraiser, Michael Levy. The Labour party now says it was because Drucker's proposed strategy for big donations was the wrong recipe.

What is beyond dispute is that Drucker had form. He had been the £40,000-a-year director of a big fundraising campaign for Oxford University from 1988 to 1994 when £230m was raised – or so the public was told.

Here, too, however, his impact has subsequently been qualified. Drucker admits that about half of

that £240m might have come in anyway. But a review of Oxford fundraising chaired by Sir David Smith, president of Wolfson College, says that only £140m was actually raised from philanthropists.

The other £200m was in the form of research grants and contracts. Even so, the campaign brought in a respectable nine times the amount of money spent on it.

These days, Drucker does not chat up donors himself, but earns his fees telling other people how to do it. He cannot be faring too badly.

His suits are handmade, he told me, and his bank balance healthy, even if his life has changed little otherwise.

As he ordered crab claws and fillet of beef, he said:

"Three times in the last 18 months people have come to me and offered me 10 per cent to raise £10m. And I've

'You don't go out and get a million gifts of £10 each'

always turned them down."

You must be crazy, I said.

"No. I know how you raise

£10m. You don't go out and get a million £10 gifts. You probably get one of £2m or £3m, a couple of £1m and a dozen of half a million. And if those people knew that 10 per cent of their money was going into Drucker's pocket, they would be extremely unpleased," he chuckled.

But if it was a million

people giving £10?

"That's different."

They wouldn't find out?

"They wouldn't ask."

Drucker got into fundraising while at Edinburgh. He had no special expertise, he said. "I rather suspect that, in their racist sort of way, my British colleagues assumed, 'Oh well, Drucker's a Yank, he knows about these things.'"

But at least you weren't ashamed of money?"

"No, that's true."

Oxford is a jealous place,

and its internal politics are

Byzantine. Some say

Drucker was the wrong

person to send out to bat for

the university, that the cam-

paign fluffed its marketing

of one of the world's best

brand names, and that indi-

vidual colleges were unnec-

essarily antagonised. The

guru of the glad hand was

modest enough to confess to

me that he was not much

good at chattering up donors.

"I'm not very social," he

said. "I don't love a lot of

small talk. I don't think

I'm particularly good at

those kinds of skills. What I

do have – I shouldn't say

this, this is really pompous –

is a kind of a vocation." Vocation? Is Henry Drucker a pastor or therapist? Giving is good, he explained, not only for the receiver (and the fundraiser) but especially for the giver. "Fundraising can liberate the donor," he proclaimed. More than that, the involvement of rich outsiders was good for institutions. It stopped the bureaucrats dictating their future. Private patronage ensured variety.

"This is a possible salvation for the great cultural institutions of the United Kingdom," he said.

While we waited for the main course I asked about donors. Weren't the best donors Jews and Moslems? Not at all, said Drucker. "The most successful fund raisers in the world, measured by dollars raised, are American universities. But the vocabulary, the arguments, are all Protestant arguments. It's about inspiration, changing the world, and personal destiny. The language of fundraising I teach is really a version of Protestant theology."

He said he told one elderly lady, Jane Ledig-Rowthorn, that if she founded a scholarship programme she would become the Cecil Rhodes of the 21st century. "Her eyes lit up; and we got it. She eventually left £7m in her will."

Drucker seems to attract controversy. His greatest coup, he says, was the £20m given by Wafic Said, a Saudi middleman for British arms exports to the kingdom, to endow a business school on a greenfield site in the centre of Oxford. The plan created a furor and was saved by the discovery of a less sensitive site near the station.

His greatest mistake – though Drucker won't mention the name – was Gert Rudolf ("Muck") Flick, who offered to fund a professorship. Drucker advised the then vice-chancellor that only "a few obsessives" would lust about the fact that Flick's grandfather employed slave labour for the Nazis. In fact, the row was such that Flick withdrew.

I mentioned Blair's Formula One fiasco, and Bill Clinton's fundraising struggles in the US. How, I asked Drucker, should political parties do it?

His answer was to make airtime free; ensure that the party had a bagman, senior but separate from the leader; and not to rely on big donors but go for middle-income supporters paying £50, £100 or even £1,000 a year.

Fundraisers share with management gurus and Chinese propagandists a taste for numerology. Drucker employs the "Seven Steps of Solicitation" pioneered by Stamford University and

the Seven Steps

should be warned of

The Seven Steps

Every rich person

should be warned of

The Seven Steps

PERSPECTIVES

Truth of the Matter

When truth may be a healer

An escape from justice? Therein lies hope, says Hugh Dickinson

Let justice be done even if the sky falls in," wrote Tacitus, the great Roman historian. A noble sentiment and one which lawyers and democrats will applaud. In a free society, an independent penal and legal system is more important than democracy itself. The absolute and impartial enforcement of the rule of law, with access and redress for all citizens regardless of wealth or political leverage, is one of the highest ideals of western democracies.

In practice, we know there is a huge deficit of both democracy and justice in our society. The courts are prone to terrible delays, endless legal quibbles, manifest misjudgments and miscarriages. When natural justice needs to be done the law is too often an ass.

Justice for the oppressed and the poor is one of the greatest themes of the prophets of the Old Testament. Even kings could be called to account before God - in theory. In practice, a good many outspoken prophets lost life or liberty.

So it is perplexing - even scandals - to some observers that Archbishop Tutu's commission in South Africa is called Truth and Reconciliation, not Truth and Justice. Many lawyers, experts in jurisprudence and political history, have publicly attacked or derided the proceedings. The amnesty offered (they say) is an easy escape route from justice and due punishment for men and women who have done appalling things.

All they have to do is weep a little in front of the cameras, tell no more of the truth than they are forced to, and then the slate is wiped clean. They can walk out of the courtroom and grin at the shocked relatives of the people they tortured to death. A little truth maybe, but reconciliation? Certainly no justice, just "squishy feelings", as one commentator dismissed it.

It may be worse than that. We can't expect the individual victims and their torturers ever to shake hands and be friends. But the task is not so much the reconciliation of victim and violator as the healing of the enmity between bitterly divided and wounded communities and races.

The public exhibition of squishy feelings is no foundation on which to build a new society - so goes the argument. A plaster of abstraction may be stuck over the gaping wounds, but unless justice is done and seen to be done by the perpetrators of atrocities, the new state is built on a lie - even if the witnesses have told the truth.

It remains a time bomb ticking away to explode as soon as a political crisis hits the government. Justice has not been done or seen to be done.

So it brings us up with a jolt when we hear a quite different argument being put forward, not by well-meaning liberals or religious spokespersons who might be thought to have a vested interest in a rather

wet "forgiveness", but by victims of torture themselves and relatives of the murdered or "disappeared".

When interviewed on British radio, one witness before the commission refused to repeat the details of what had been done to him because it was too terrible to talk about publicly. But like many victims, although he longed for justice and vengeance, he realised that the very process by which justice is delivered, its long delays, subterfuges, legal arguments, appeals and uncertainties, could not reliably deliver the multifarious sentences and balanced judgments and penalties to bring everyone to justice and justice to everyone.

It would take years and years, perpetuating the antagonisms and possibly provoking reprisals and further deaths. Justice like that simply prolongs the trauma.

In a context such as

Exhibiting squishy feelings in public is no foundation for society

South Africa, the judicial process is particularly vulnerable to accusations of bias.

So for many of those who have most right to cry for justice the Truth and Reconciliation Commission's path is better, not just as a second best, but because in the context of a nation at war with itself it offers a swifter road to healing a whole community.

The emotions evoked by terrible events and atrocious actions are not squishy feelings. Nor, it must be said, are the intense remorse, guilt and shame evident in (not all) of the perpetrators when they have to stand in front of the commission whose members embody such rare qualities of humanity and moral integrity.

There is a tribunal beyond human justice which pierces to the core of a man's integrity - even his identity as a human being. That utter moral nakedness which is without excuse is terrible to behold. As one woman who lost her son gave of his murderer: "I can never forgive him, but I can let him go. He knows the truth and I know the truth."

Perhaps there are transactions of the heart in these extremities of pain and guilt which are beyond the reach or even the sight of men in wigs. Only those who themselves have entered that awful arena can understand them, but the evidence of those who have been through the fire seems to suggest that there are possibilities not of forgiving or forgetting but of a healing hope for the future if we do not demand justice at any price. As a 5th century Rabbi once said:

"Do not ask God for justice. He might give it to you." I can never forgive him, but I can let him go. He knows the truth and I know the truth.

And where's the cold? The kind that freezes the hairs in the nose every time you breathe in. Here, there is just a creeping dampness seeping into the bones. Do you ever see snowflakes on your coat, individual and perfect? Or watch the frost caught in the air, sparkling like glitter on a Christmas tree? In London, it is grey and wet: grey sky, grey river, grey buildings.

I'm starting to wonder how Miss Smith would have coped with living in south London, and I'm unsettled by reports from Stockholm that some brave souls have been skating on lakes to the north.

I remember my last skate of the season: first battling against a vicious wind and then turning in

surrender and being blown like a yacht over the ice, the dog tumbling at my heels.

As a Scandinavian depression settled over the whole household, my husband decides that something must be done. To recreate a true winter we could turn off the central heating, don thermal underwear, and pretend. But in a flash of inspiration, he realises that the better way is to skate along to Streatham Ice Rink for the Friday night disco. Reluctant, I agree to go. How can an indoor rink ever be a substitute for the vast expanse of a lake or induce the vast thrill as you set off in line, the snow swirling at your feet?

The lights are low and the music thumping as we arrive. There is no longer an organ pumping out schmalzy tunes but a DJ running through the hit parade. We lace our boots, our own boots. We are part of the elite tonight; we do not have to cope with hired boots that pinch and have blunt blades.

It's nearly 8pm and the rink is filling up. The dry ice is pumping out from above and, filtered through the flashing disco lights, creates the Northern Lights. The cold strikes up from below. It is not 5°C but healthily below the perennial 10°C of outside. It feels good to me. But who

are these people spending the evening going round in circles balanced on two thin pieces of steel? Some of them are very good, I realise, as I look from behind the barrier.

I scoot out on to the ice past the few timid souls still glued to the side and make stately progress round the rink. A Sporty Spice

trot, dodging between us staid mortals. I recognise the music as Aqua's "Barbie Girl". As though possessed, we all skate faster and faster in the same direction.

One of the gods speaks as he passes me. I turn to smile but he is far ahead, pony tail flapping, leaving his words to resonate through my head: "Bend your knees."

I realise that my ankles are beginning their customary ache during the first skate of the season and make my way to the side, remembering to bend. My husband is still out there, raising the average age on the ice by quite a few points, although there is another couple about our age, gratifyingly wobbly and clinging to each other. I turn to one of the stewards and ask her why all these people come.

"They just love skating," is her simple answer. Most of the kids can't afford lessons so they teach themselves and practise, practise, practise. She plays ice hockey herself and uses her skills to earn extra money working at the rink.

An announcement is made that

there will be a speed skating session open only to those with their own boots. I modestly step off the ice with the hired boot contingent and realise that husband has stayed on.

Fifteen or so set off, urged on by

the DJ, first forwards then backwards, then figures of eight.

At this point my husband joins me. The cool guy is out there; "pony tail", so worried about my knees, and all of us standing at the side wish that we were good enough to join in.

As the speed skaters stop and we are allowed back on, I seize my

chance to catch the cool guy and ask him how he got so good. To my chagrin, he explains that he's just taken up skating again after a few years' absence.

He first started 17 years ago and it became his passion. He's now back, with a new pair of boots and renewed enthusiasm. He never had lessons but pushed himself to try new things. Now he passes on his tips to the youngsters at the rink.

It's time for the last few turns.

As we walk out past the dimmed-jacketed attendants the warmth hits us. It was cold in there, a familiar cold that keeps you moving on, making no allowance for tiredness or small talk. Is this what

made it such an innocent evening - no alcohol, no rowdy behaviour, not even a flirt? I feel exhausted and strangely exhilarated. It cannot replace the frozen lakes of Sweden but I'll be back. And, I realise, I can come whenever I want, even when it's summer in London.



Feeling for snow - and ice - surfaces in south London

Vicky Carlstrand puts her booted feet into British winters

Ten degrees in London, soggy underfoot, and I'm pining for winter. Real winter, at 5°C with a sprinkling of snow on the ground - and ice. Ice you can skate on, that moans and groans as it pushes up against the banks of the lake and then gives a sudden boom, like thunder. Ice so thick you can see the cracks stretching down for a metre or more. The sort of ice that Orlando, wrapped in sable, made love on, that my Viking ancestors skated on with blades of bone.

And where's the cold? The kind that freezes the hairs in the nose every time you breathe in. Here, there is just a creeping dampness seeping into the bones. Do you ever see snowflakes on your coat, individual and perfect? Or watch the frost caught in the air, sparkling like glitter on a Christmas tree? In London, it is grey and wet: grey sky, grey river, grey buildings.

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I remember my last skate of the season: first battling against a vicious wind and then turning in

look-alike whizzes past me, and then another, and another. An ultra-cool guy shows off in the corner with leaps, whirls and impossible crossings of leg. His audience of youngsters comes and goes as they rush off to imitate and then return to gawp some more.

A group of young men are skating very fast, too fast for me. They seem like gods in their total control, dodging between us staid mortals. I recognise the music as Aqua's "Barbie Girl". As though possessed, we all skate faster and faster in the same direction.

One of the gods speaks as he passes me. I turn to smile but he is far ahead, pony tail flapping, leaving his words to resonate through my head: "Bend your knees."

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Fifteen or so set off, urged on by

The curse of the Ayatollah continues to dog the author Salman Rushdie loo after the death of the old man himself.

Not only is the hottest property in Anglo-Indian literature still compelled to live at secret addresses under British police protection. But now the first film adaptation of one of his novels has been sabotaged by a handful of Moslem MPs in a country, Sri Lanka, where Moslems are a very small minority.

Rushdie, the subject of an eight-year-old *jihad* calling for his execution, said this week he regarded the latest development as a deeply personal insult. "I have been attacked purely on the basis of my existence," he protested.

Behind the latest chapter in the Rushdie saga is an issue far removed from that which prompted the infamous *fatwa* from the former Iranian leader. It concerns the political future of the Tamil minority in Sri Lanka, who have been fighting a secessionist war for the last 14 years.

All written up with nowhere to go

A Salman Rushdie novel is ready to be filmed - but Sri Lanka says no. Christian Tyler explains

Furthermore, the novel in question is not *The Satanic Verses*, which devout Moslems claimed was a blasphemy against The Prophet, but *Midnight's Children*, a story of Indian independence which has no controversial religious theme and is an open sale in south Asia.

Not even the prestige of the BBC in a former British colonial territory was enough to prevent the government of Sri Lanka last week revoking permission to film a serialisation of Rushdie's best-known novel and Booker Prize winner.

The government seems to have been pushed into reverse by protests from the few Moslem MPs inside the coalition.

These MPs reportedly also came under pressure from Iran. But a claim by the producer of the film that Sri Lanka's ambassador to Tehran had been called

in for a warning could not be confirmed.

A Sri Lankan government official sought to pin blame on The Guardian newspaper in London. In a report from Colombo on October 29, a Moslem MP was canvassed for his reaction to the BBC's plans, then at a sensitive stage.

The power of the Moslem MPs in Sri Lanka rests not on popular support - only 7 per cent of the 18m population is Moslem in an otherwise mainly Buddhist country - but on the weakness of the government itself.

With a parliamentary majority of only one seat, it needs the support of its small Moslem Alliance partner to ensure safe passage for a bill devolving powers to the regions - but ultimately designed to satisfy the Tamil rebels.

Even as the 55m BBC film was publicly being written off, how-

ever, discussions were going on behind the scenes this week which one participant said might lead to a reconsideration. A BBC producer met Sanath Gunatilake, the media representative of Sri

National Film Corporation. They read the film script (also written by Rushdie) and found nothing in it to cause offence to foreign governments or domestic groups.

Filming was due to start at the end of January and last for 14 weeks.

Newspapers and anti-censorship lobbies in Sri Lanka have protested at the government's decision. They point out that Sri Lanka's popularity as a location for foreign film-makers could be threatened. The island, profiting from India's reluctance to give permission when sensitive subjects to be aired, has played host to such titles as *Gandhi*, *Indiana Jones*, *The Jungle Book*, and now a life of the late Mother Teresa.

Meanwhile, Rushdie described the decision as showing "phenomenal intolerance". Asked if, in the light of the latest trouble, he regretted writing *Sotonic Verses*, he replied: "No. I'm not sorry I wrote it. I'm sorry about what is happening as a result of it. It seems I am now guilty in areas where nobody has even accused me."

Rushdie has received about £50,000 from the BBC for the film rights to *Midnight's Children* and another £30,000 for his film script. He will get a further £20,000 depending on how well the five-part serial sells - if it goes ahead. As big a loss would be the sales of a tie-in edition of the book, which tells the independence story through the eyes of children born between the hours of midnight and 1am on August 14 1947.

"This is a purely political thing," said Christopher Hall, the film's producer. "I suppose we feel sad and angry about it. *Midnight's Children* is on sale openly

in Sri Lanka and India, and I know that the president has read it himself. We have enormous support within the country."

He said India had turned the project down, without giving reasons, but was probably afraid of popular Moslem reaction.

Although other locations were being sought it would be difficult, if not impossible, to find one, since the film required not only Indian-looking people and urban landscapes but a backdrop of English colonial architecture.

However, the makers were aware of the sensitivity of the project from the outset and were calling the venture *Saleem's Story*, apparently hoping it would draw less attention to the name of its author.

Rushdie has been asked by the BBC to offer other film scripts, but says he has no time at the moment. He is writing a novel, to be called - after a line from a 1960s pop song - "The Ground Beneath Her Feet". Was it also set in India?

"It's set all over," he said. "It starts in India, and goes west" in the literal sense, of course.

CHRISTMAS BOOKS

Ian Buruma

I enjoyed Susannah Clapp's affectionate memoir of Bruce Chatwin, *With Chatwin* (Cape, £15.99). She loved Chatwin well enough to be critical without wishing to pull him down. Chatwin remains with rare gems, which, on closer inspection, might turn out to be stones - but what stones! Clapp explains the mechanics of Chatwin, the man and the writer, and brings him gloriously to life.

Sumit Khilnani's *The Idea of India* (Hamish Hamilton, £17.99) is also a labour of critical love. Without actually describing India, as a travel writer would do, he makes India live through the ideas people have formed of it. Nehru's India, Le Corbusier's India, Indira Gandhi's India, and Rajiv Gandhi's India. But it is also Khilnani's India: an extraordinary state on the brink of chaos. What holds it together, Khilnani's idea, as well as the country, is a humane, democratic, pluralistic vision of what India should be, and often is.

David Cannadine

Christmas is a marvellous time for visiting art galleries, and here are three books which are appropriate accompaniments for ambulatory or armchair viewing. If you go to the National Portrait Gallery, you must read Charles Saumarez Smith, *The National Portrait Gallery* (NPC, £25), in which its director selects more than 100 of its best portraits, and illuminates them with comments which are a model of wise, witty (and occasionally waspish) concision.

Travelling further afield? Geraldine Norman's *The Hermite: The Biography of a Great Muse* (Jonathan Cape, £20), is an extraordinary history of one of the most enduring collections of the world, which survived Stalin's tanks, and reposes amidst echoes of imperial splendour and the realities of post-Communist dilapidation. And if you plan to stay at home, then buy at your peril Anita Brookner's *Soundings* (Harvill Press, £16.99), a sparkling collection of essays on (mostly French) artists and writers, which should stimulate anyone not incorrigibly incapacitated by festive indulgence (or Francophobia) to get up, go out, and look at pictures.

Richard Eyre

The Dining Bell and the Butterfly by Jean-Dominique Bauby (Fourth Estate, £9.99) was written by a man who, in his early forties, was almost entirely paralysed. Only his left eyelid could move, blinking to speak through an interpreter; once to say "yes", twice to say "no". This is not a sentimental, or sensational, or mawkish book; it is a beautifully wry and distilled memoir,



The FT's vital volumes

Critics and guest writers choose their books of the year, from biography to fiction, art to politics

remarkable and moving even without the knowledge of how it came to be written and of its author's death soon after publication.

The Pleasures of the Imagination (HarperCollins, £30) by John Brewer, about English culture in the 18th century and the making of the middle class, is a very finely turned and entertaining account of the struggles of the arts, poised between patronage and penury, to establish themselves in a form that we can easily recognise today. The arguments about audiences, readership, the market place, profit, copyright, elitism, populism, state funding and private funding all seemed strangely familiar.

Antonia Fraser

Max Egremont's *Under Two Flags - The Life of Major General Sir Edward Spears* (Weidenfeld & Nicolson, £25) gives a first impression of an urbane and civilised book by an urbane and civilised writer. In fact, although the

urbanity is all there, at any rate in the writing, the story that Egremont has to tell is dramatic and at times even bizarre. Here was a man, a brave soldier, an excellent writer, married to a best-selling novelist (while conducting a passionate affair with his secretary) who went from dealing with Clemenceau and Petain in the first world war to Churchill and De Gaulle in the second, and ended his life in a dispute with Tiny Rowland over the Ashanti gold mines. Furthermore, since Spears was a pivotal figure in Anglo-French relations, I learnt more about this subject, painlessly, from this biography, than from many a specialist study.

When jesting Pilate asked, "What is Truth?" he notoriously did not stay for an answer, but Felipe Fernandez-Armesto has written exactly the book which could have been pressed into Pilate's hand: *Truth: A History and Guide for the Perplexed* (Bantam, £12.99). It is written with great zest and, even if it is nearly 2,000 years too late for Pilate, *Truth* would, I think, make an excellent Christmas present for pedants, liars, fantasists and other dear friends.

Nadine Gordimer

Le Lys et le Flamboyant by Henri Lopes (Editions du Seuil, FFr130) is a fictional biography, set in the Congo, which proves to be a daring and intriguing auto-biography.

Dissolution: The Crisis of Communism and The End of East Germany by Charles S. Maier (Princeton University Press, \$39.95) is a superb, subtly intelligent political-historical analysis of the roles of Gorbachev's Soviet Union, East Germany and West Germany (with the US pulling strings) in the demise of an era, juxtaposed with wider economic changes in the west.

Charles Handy

My two books of the year are radically different in form and content yet both have the same message at their heart - what is the meaning of existence? The first, *The Dining Bell and the Butterfly* by Jean-Dominique Bauby (Fourth Estate, £9.99), is a moving reflection on life and its oddities, written by a man incapacitated by a stroke and communicating only by blinking one eyelid.

The second, *The Living Company* by Arie de Geus (Harvard Business School Press, \$24.95) is a recipe for corporate longevity written by the man widely credited for creating the concept of the learning company during his time with Shell, where he worked for 38 years. Both books forced me to give some thought to why we live and why we work and the answer seems to be the same

Genista McIntosh

Out of Me by Fiona Shaw (Viking, £15.99) is my best read of the year. This raw account, full of contradictions and ambiguities, of a catastrophic post-natal breakdown, ought to be bleak but is exhilarating. Shaw's description of being unreachable in a country of terror and despair, but simultaneously able to observe and reflect upon her own condition, is stunning. Anyone who has had a child, or a depressive illness, or both, will find themselves moved.

The cooler, but no less impassioned, tone of Charles Hand's *The Hungry Spirit* (Hutchinson, £14.99) is the latest in his sequence of reflections on the relationship between commercial imperatives and social values. His style is personal, anecdotal and entirely jargon-free. His reference points are diverse and unexpected. He puzzles about problems we can all recognise, without claiming to have definitive answers. And he loves the theatre.

Ian McEwan

Useful protection against the millennial deluge to come is Stephen Jay Gould's *Questioning the Millennium* (Cape, £12.99). "A rationalist's guide to a precisely arbitrary countdown". The solar system does not know or care that we happen to calculate to the base of 10. Pontius Pilate died in 4 BC, so clearly the counting started too late; the hapless sixth-century monk who devised the BC/AD system did not have zero available to him as a functioning number - hence the irresolvable dispute, 2000 or 2001. However, Gould is delighted to concede that the looming event is significant because enough of us think it so.

I liked Saul Bellow's *The Actual* (Viking, £12.99). A life-long and barely fulfilled love affair is entwined with beautiful economy: the novel has a winter, valedictory air, and the cautious, tender reconciliation and proposal at the end is really very moving.

Caryl Phillips

In an age in which it is fashionable to try to discern clues about the author between the lines of his or her fiction, J. M. Coetzee has successfully neutralised such scrutiny in *Boyhood* (Secker & Warburg, £12.99). In this memoir of his early life, he utilises the third-person, which creates the effect of aloofness. Despite this formal device, Coetzee succeeds magnificently in his evocation of the deeply-divided and often dangerous South Africa that produced him. Coloured/Native; English/Af-

tory, elegantly put, offering such insights into French art as are never to be found in the vulgar and distorted work of the politically correct. Here is a book that surveys with telling acuity the transitions from Watteau's melancholy Rococo to the icy wastes of Neo-Classicism, from the torrid Romanticism of Delacroix to the deliberate Decadence of the century's end, transitions watched by Voltaire and Winckelmann, Rousseau, Diderot and Bau-delaire.

Gillian Riley's *A Feast for the Eyes* (Yale, £14.95) is a book of recipes with very loose art historical connections to the paintings in the National Gallery that illustrate (rather than illuminate) the text. It is a jolly book, with anecdotes as well as recipes, and though Pontormo's constipation is omitted, I am glad to learn that in Corot's day prunes went well with rabbit. Without knowing it, I have for many years been potroasting poultry exactly as did Caravaggio for his "Supper at Emmaus"; but baking a whole Edam cheese hollowed to hold prawns, more Dali than Van Dyk. I shall eschew Bachelors, said Aristo (poet, pornographer and Titian's friend) eat best - and so they will with this engaging book at hand instead of Mrs. Beeton.

Rose Tremain

In amongst the marvellous fiction coming out of America at the moment, Richard Ford, master of the long unfurling sentence in the manner of John Updike, is one of the best risen stars. The three novellas in *Women with Men* (Harvill, £14.99) explore the moment-by-moment altering states of the crisis-gripped heart. While Ford's men procrastinate and worry, his women take charge. Usually older, more knowing, their actions lead their husbands or lovers to a state of limbo, a kind of departure lounge to their future life, where they are alone at last with the plain truth.

Liza Picard's *Restoration London* (Weidenfeld, £20.00) is a beautifully produced reference work and I wish it had been around when I was trawling the 17th century for recipes, remedies and ribaldry for my novel, *Restoration*. Did you know that in the 1660s there were 10,000 small boats trafficking on the Thames between London Bridge and Windsor? Did you know that Christopher Wren redesigned the knitting frame? Did you know how to play glock or make a petten? These and a thousand other questions you'd never thought of asking are answered in this entertaining historical hran tub.

All the books featured are available from the FT Bookshop, some at a special discount rate (see advert on Page VI).

Harold Pinter

So many ways to censor and repress. The anthology *An Embarrassment of Tyrannies: 25 Years of Index on Censorship* (Gollancz, £20) covers the field: from blatant and brutal state terrorism to much more subtle but equally effective modes of operation in the "free world". It's an impressive collection, with outstanding contributions from Eduardo Galeano, Yasir Keneil, Julio Cortazar and a searing piece by Mumia Abu-Jamal, fifteen years on Pennsylvania's death row.

Global Spin by Sharon Beder (Green Books, £10.95) examines the systematic stifling of independent critical thought by multinational corporations - in alliance with the media and government. Beder's analysis is comprehensive, steady and clinical. She lifts the tapestry of lies, deceit, intimidation and destruction. Mind you, the multinationals do possess some strong arguments. For instance, they contend that to destroy the environment is actually in the best interests of the environment. In other words, they're saving the environment from itself. If you allow.

Craig Raine

Tom Stoppard's play, *The Invention of Love* (Faber, £14.99), memorably marries Housman's passion for scholarship to his passion for Moses Jackson - particularly at the end of Act One, where Stoppard, in one of the most brilliant and moving scenes ever written, shows Housman parsing and translating an Horace Ode in a class, swatting inferior scholars, brusquely treating a female latecomer, attentively

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BOOKS

Kitsch in the kitchen

Giles MacDonogh gives most of this year's food and drink books a thorough roasting

Most of the food and drink offerings publishers put out at Christmas come under the heading of illustrated books; a strange category in which the British book trade takes great pride. One section targets the world of gastronomical masturbation: books not really intended to be read; accessories to drawing room furniture. We betide anyone who has the temerity to take them into the kitchen.

The strangest of all is the television spin-off. Just what you are supposed to do with them I cannot say, I can only suppose they act as a happy souvenir of a few creative hours spent in front of the goggle-box. I have a small pile of them here: Rick Stein's *Fruits of the Sea* (BBC, £17.99) appears to have been written in collaboration with his dog; and here are Jennifer Paterson and Clarissa Dickson Wright (*Ride Again*, Ebury, £17.99), a useful reminder that there are millions of people out there who are not prepared to put up with mindless political correctness.

Not having a television, I must be the only man alive who has never seen, or indeed heard, Loyd Grossmann. I've read him now (*The World on a Plate*, BBC, £17.99), and I'm not mad about his history; he is mixed up about Prussian kings and potatoes.

For me, a cookery book must be useful and authoritative, and tolerant of kitchen stains. *The Prairie Cocktail Years* (Macmillan, £20) by Simon Hopkinson and Lindsey Bareham is too gimmicky to be the latter. It explores cooking in post-war Britain in the 1950s. As such it is a lively enough read, but one gets the impression that the recipes for prawn cocktails, Cornish pasties and mousakas are there to be poked fun at for being out of date rather than cooked. More practical by far is Jenny Baker's *Kettle Broth to Gooseberry Fool, A Celebration of Simple English Cooking* (Faber, £9.99). The Irishman in me has

problems with Paul and Jeanne Rankin's *Gourmet Ireland* (BBC, £12.99); I felt quite at sea with all those roast bananas (could be worse, they might be "roasted"), risottos, penne and guacamole (green at least). On the other hand, Clare Connelly's *Irish Food and Folklore* (Hamlyn, £16.99) seems both handsome and Hibernian.

A cutesy category is the horticultural cook book. Christopher Lloyd's *Gardener Cook* (Frances Lincoln, £20) teaches how to grow for the kitchen, which in the absence of decent ripe fruit and vegetables in most supermarkets, is no bad thing. In a class of its own is Paul Gayler's *A Passion for Cheese* (Kyle Cathie, £18.99), which tells you what to do with cheese. Gillian Riley's *A Feast for the Eyes* (National Gallery, £14.95) sadly misses a trick by failing to tie up Old Masters with the authentic recipes of the time, which would contribute to our knowledge of the period. Perhaps the National Gallery might think about doing something more like this next time?

Mediterranean food still buzzes. For some weird reason Claudia Roden's *Invitation to Mediterranean Cooking* (Pavilion, £19.99) leaves out the meat. Perhaps that is volume two. Colman Andrews' *Catalan Cuisine* (Grub Street, £14.99) is new in paperback. Andrews' is a model foodwriter. In a world filled with mountebanks he took the trouble to learn Catalan and properly get to know the region before he put pen to paper. This one has authority.

So does Marcella Hazan (*Morella Cucina*, Macmillan, £25) who has given us an excellent addition to the library of books on north Italian cooking. Pavilion has also published three austere useful books by Lorenza de' Medici: *The Villa Table* (£3.99), *The Renaissance of Italian Cooking* (£9.99), and *Lorenza's Kitchen* (£14.99). These pages are destined for *sugo* stains, not saliva. For fans of traditional food there is Vivienne and Jenny Lo's *150 Recipes from the Teahouse* (Faber, £16.99) or Julie Sahni's *Classic Indian Cooking* (Grub Street, £20). I missed David Burton's last highly acclaimed book on the Raj at table. His *Savouring the East* (Faber, £9.99) seems a little too broad brush.

Drinks books are an even more depressing category than books on food. So many of them are just guides to industrially produced wines on supermarket shelves. I think Patrick Matthews' *The Wild Bunch* (Faber, £7.99) is an

exception, although it was not easy to tell at first. Matthews' should be commended for trying to wean us away from this slick tech-no-wine and onto the best hand made brews to be found in the cellars of the surviving independents. From the same stable is Dr Thomas Stuttaford's *To Your Good Health* (Faber, £7.99), a wise physician's guide to wicked old drink. It might, however, prove the spectre at the feast.

For Hugh Johnson fans there are new editions of both the *Wine Companion* (Mitchell Beazley, £30) and the *Wine Atlas of France* (Mitchell Beazley, £27.50).

has gone east.

Lastly, there are two books on whisky. Charles MacLean's *Malt Whisky* (Mitchell Beazley, £25) and Jim Murray's *Complete Book of Whisky* (Carlton, £20). MacLean's is definitely the prettier of the two, with some stunning black and white shots of Scotland. The text tends to be a bit tame, though. Murray is a former football writer who apparently now lives in Goa. This book's chief merit is the space dedicated to the other whiskies: Turkish, Indian, Japanese - you name it. On closer examination, it turns out to be another television spin-off.

Huibrecht Duijker has also worked with Michael Broadbent to produce a lavish *Bordeaux Atlas*, which contains a good encyclopaedia. It should prove a sort of consolation to claret bores, now that all their favourite tipple

is from Greece in the north to Egypt in the south. Yet how much I never knew, or dimly appreciated, this fine writer conveys - in particular, the extent to which Christianity and Islam were enmeshed together through the centuries, until our own.

His route, more or less, is that of a sixth century monk, St John Moschos, who trudged through the holy places of the Byzantine Empire, recording the wisdom of the sages before they were swept away. The manner in which Duijker lifts the veil on that ancient world, and on its contemporary legacy, is utterly compelling. It makes for a meaty, intriguing volume, a worthy successor to *In Xanadu and City of Djinn*: it is let down only by the feebleness of the single map.

Straight off the blocks

Huw Richards puts the best sports book into touch

If one seeks a barometer for the state of sport, try *Sportspages* in Caxton Walk, London WC2, first and largest of Britain's specialist sportsellers. The vast array of new sports publications makes any annual choice an arbitrary reflection of personal interest. But *Sportspages* owner John Gaustad treats the publishing boom warily: "An awful lot of money is being gambled on sport, so every publisher wants a Keegan, a Daiglair or a Botham every year." Hence the glut of big-name potboilers. But alongside these are worthwhile works that might not have got published a decade ago.

Cricket is often claimed to have the best literature of any sport, and country pro turned journalist Simon Hughes' autobiography, *A Lot of Hard Yakka* (Headline, £16.99) duly took the William Hill. In a good rather than great year, the judges look to have got it right. Hughes' tale is vivid, funny and good-humoured but captures the insecurities, frustrations and mood-swings of the professional performer plus a rueful sense that he perhaps never fulfilled a considerable bowling talent.

Cricket's great resource is history. The William Hill list included Robert Lowe's thoughtful, literate life of W.G. Grace, W.G. (Richard Cohen, £18.99), while the courageous tanks of the self-published produced Stephen Chalk's *Runs to the Memory* (Fairfield Books, £15.99).

A loving evocation of 1950s country cricket, it skilfully interweaves contemporary match reports, period context and the recollections of those who took part - with the supreme virtue that these are the previously unheard accounts of county rank and file rather than the familiar stories of stars.

Stuart Barnes' *Rugby's New Age Travellers* (Mainstream, £14.99) dissects the elite game in incisive, opinionated style, displaying a frame of reference that extends far beyond the rugby pitch. The central essay, on Lawrence Dallaglio, is destined for a shelf-and quotation-life even longer than its subject's formidably developing career. Sharing the bulk of Barnes' rugby and political prejudices, I found neither irritating. Other readers might.

Ian Mallin's *Mud, Blood and Money* (Mainstream, £15.99) has a broader canvas, covering all levels of the game - and in particular those of captain Mike Atherton, with a dry, sharply observed account of his own vicissitudes as a club skipper.

Rugby is still riding the Italia 90-Fiver Pitch-Euro '96 boom, creating space for books like Nick Varley's *Golden Boy* (Aurum, £14.99), a biography of Middlegrove's mid-century giant Willi Mannion shortlisted for William Hill Sports Book of the Year, and Ian Ridley's and Steve Claridge's *Tales from the Boot Camps* (Vista, £5.99), a hugely entertaining account of the Leicester City eccentric's (Claridge's) picaresque, mostly lower division, career.

Footballer Garry Nelson's *Left Foot in the Grave* (Collins Willow, £14.99) treats his life as a player-coach with the same humane, thoughtful insight as his earlier book on life with Charlton Athletic, and illustrates the potential of the diary form. Any fan of an unsuccessful club will recognise the atritional droning of early enthusiasm as Torquay's bright start gave way to a grim struggle against



Why cook? "Play with your Food", suggests Joost Elffers in his book (published in Amsterdam by Uitgeverij De Harmonie), which instructs us to "carve and slice your way into forbidden territory", creating our own fruit and vegetable menagerie

Reaching the parts other travellers can't reach

Will the latest crop of travel books prove tomorrow's classics? asks Tom Fort

among this year's crop will stand in the company of Newby and Bedford's little masterworks, Tiziano Terzani's *A Fortune-Teller Told Me* (Harper-Collins, £18) just might. Silver-haired, Italian-born, Chinese-speaking, Terzani had spent 20 years criss-crossing the Far East in hot pursuit of stories for Der Spiegel, when he decided to head abroad to him long ago by a soothsayer in Hong Kong, and eschew air travel for a year.

Reduced to the slower pace, be bad time to peer more closely at these lands whose horrors and excesses he had recorded, and which he has grown to love. He strolls through the wreckage of Laos, brushes up against the ghastly tyranny of Burma, grimaces at the corruption of Bangkok, joins Khung Sa, warlord of the Golden Triangle. In a kaae due.

Though angered by the creeping westernisation of these ancient societies, Terzani is too good-humoured to protest for long. He glories in his year of liberty.

Another wise and good-hearted foreign correspondent, Trevor Fishlock, has forsaken distant parts to cast a dispassionate eye over the land of his birth. The result, *My Foreign Country* (John Murray, £18) is elegantly written and commendably level-headed. His view is unsentimental, and free of that wearisome mean-spiritedness which so often infects the returnee. Whether contemplating the still dockyards of Portsmouth and Bristol, or the silence cloaking the Rhondda coalmine where bls

grandfather worked, he refrains from railing and lamenting. Approvingly, Fishlock quotes his own father-in-law dismissing that beloved English myth of the Edwardian golden age - a time characterised by "a choking, inhibiting snobbery which crushed all originality and regulated all daily life".

I could not help drawing a contrast between Fishlock's book and Bill Bryson's earlier sentimental, superficial and monstrously popular *Notes From A Small Island*. Now Bryson is back, with *A Walk In The Woods* (Doubleday, £16.99), a farcical narrative of an unsuccessful attempt to walk the world's first epic footpath, the Appalachian Trail. Its sustaining joke is the atrocious bore dom sod discomfort to which two gross, middle-aged Americans subject themselves for no good reason - other than that one of them has to write a book.

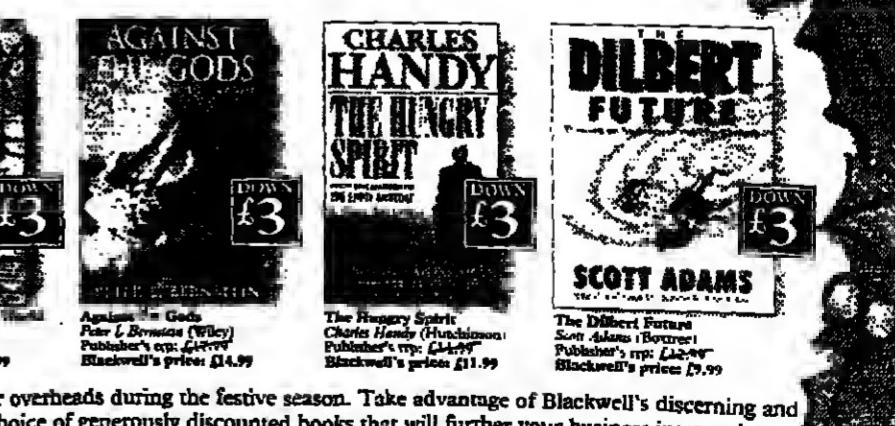
Although there are some laughs, it all wears a little thin long before the bathetic finale. There is not a great deal you can say about a path which goes through a good deal of forest and up and down a good many mountains - except to make fun of yourself and the weirdos you encounter.

I wonder how Bill Bryson, ever-willing to flee the American wilderness for burgers and soft sheets, would have fared on the spiritual and social wilderness of Pitcairn Island. This, a South Pacific rock thousands of miles from anywhere, was the refuge of the Bounty mutineers. One can only marvel at Dea Birkett's toughness in getting there,

terranean, from Greece in the north to Egypt in the south. Yet how much I never knew, or dimly appreciated, this fine writer conveys - in particular, the extent to which Christianity and Islam were enmeshed together through the centuries, until our own.

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COLLECTING

On Wednesday evening in London, Old Master paintings finally attracted some of the glamour and attention that has been concentrated for over a generation on Impressionist and modern art. More than 600 people crammed into Sotheby's Bond Street saleroom to see some fierce bidding for the 95 lots.

The auction achieved £28.7m, a record for a sale in this sector, and way above forecast. More to the point, at least 80 per cent of the paintings found buyers. The auction epitomised the state of the market, which is dominated by demand for 18th century views of Venice, and Dutch and Flemish 17th century paintings.

The highest price was the £5m paid for a pair of Venetian views by Canaletto. They were fine early works of the 1720s; in fact the last time they came under the hammer, at the previous market peak in 1990, they had sold for £6.5m, a record for the artist. But this week they were well within their estimate. Another pair of Venetian views by Canaletto, painted almost 20 years later, in a more precise manner, went for £3.85m, better than expected.

But the real stars were the northern artists. Record prices were paid for Salomon van Ruysdael (£2.3m); for

A record for Old Masters

Demand for 17th century Dutch and Flemish paintings is on the rise, says Antony Thorncroft

David Teniers, the Younger (£1.1m); Isaak van Ostade (£2.2m) and Pieter Brueghel, the Younger (£1.95m). The Ruysdael did particularly well, soaring above an estimate of around £600,000.

The auction had been heavily marketed but the enthusiasm of the bidding, most of it from European collectors, suggests that Sotheby's was preaching to the converted.

Christie's sale on Wednesday was equally solid, achieving £12.9m. A still life of a pie with fruit by the 17th century Dutch artist de Heem sold for £1.6m, at the low end of its estimate, but a pair of Venetian views by Carlevaris comfortably beat their forecast, selling at the same price. A Bellotto view of the countryside outside Milan almost doubled its forecast at £991,500.

This interest in Old Master paintings, which has been growing steadily for three or four years, is remarkable. In theory, there is a great deal wrong with Old Masters as a marketable commodity. The finest works of the greatest artists - Raphael, Leonardo, Botticelli, Velasquez - are safely locked away in muse-



The Giudecca canal and the church of the Gesuato, Venice, by Francesco Guardi

ums, or princely collections, and will never become available.

It is impossible, even if you are richer than Croesus, to acquire the masterworks. In addition, the subject matter of many paintings is

beyond the comprehension of modern buyers, few of whom are familiar with the stories of Ovid or the Old Testament. Religious imagery, much of it morbid, is equally out of fashion, and portraits of forgotten

worthies have limited appeal. Throw in problems of attribution and fakery, restoration and condition,

- and from further afield.

The popularity of these two sectors, which have come to dominate the Old Master market, is rooted in the ready availability of works, and the fact that the

artists either painted scenes

that suit a modern home, such as flower paintings or village vistas, or that are particularly decorative, like views of 18th century Venice.

Earlier Old Masters, who created paintings with gold leaf background, and the works by Spanish and German artists, are less common and less expensive. Italian and French paintings of the 17th century also seem undervalued.

As in most fine art sectors, there are few collectors for Old Masters priced over £1m - there might be a dozen serious inquiries for a really important work - but they are keen and spread around the world. There are even new British buyers; Sir Graham Kirkinham, founder chairman of DFS Furniture, and the impresario Lord Lloyd-Webber have been prepared to invest millions in Old Masters in recent years.

Lord Lloyd-Webber holds the record for a Caravaggio, paying £10m for a view of Whitehall.

There is also constant

museum buying, often through private transactions arranged by dealers or salesrooms.

Aristocratic British families, who still own many undoubted masterpieces acquired on the Grand Tour, prefer a quiet sale. When Lord Gage sold a major Fra Bartolommeo to the Getty for \$14m, it was done very quietly.

But it is a polarised business. The important paintings, which are being lured on to the market by the recent high prices, do well.

There is also considerable interest in decorative Old Masters priced below £10,000, and the regular auctions at Phillips and Christie's South Kensington give anyone with a good eye, and enough imagination to peer beyond the dirt and the damage, the chance to acquire a very presentable piece of art history for a four figure sum.

London also has a good array of Old Master dealers, who can offer the advice and after-sales service sometimes lacking in the saleroom.

But the middle market remains weak. You have a very wide choice of paintings if you are prepared to pay up to £50,000.

To make it a very good week for Sotheby's, which has had its problems recently, its auction of American paintings in New York on Wednesday also set a record total, of \$43.6m, with "In the garden, Corfu", by John Singer Sargent selling for \$8.3m and "From the plains" by Georgia O'Keeffe for \$3.6m.

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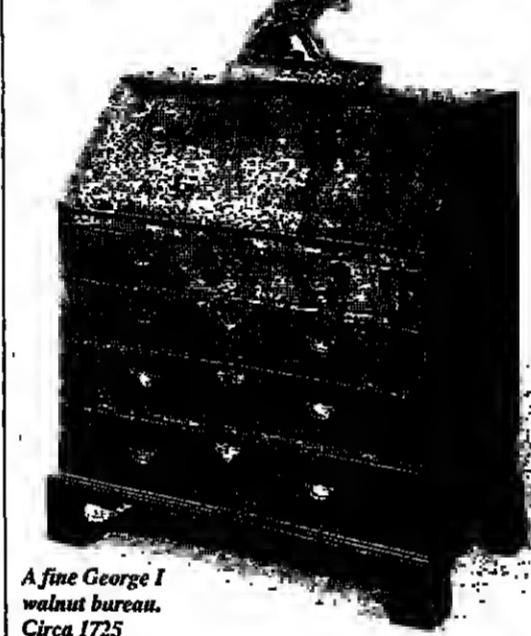
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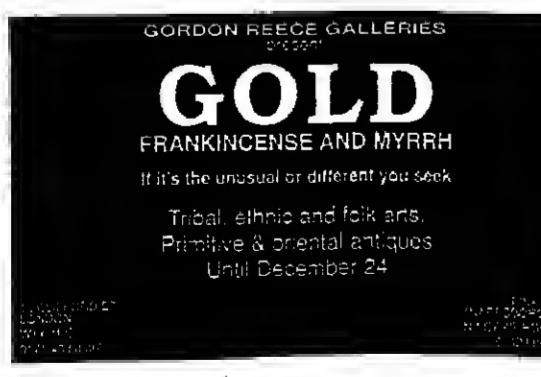
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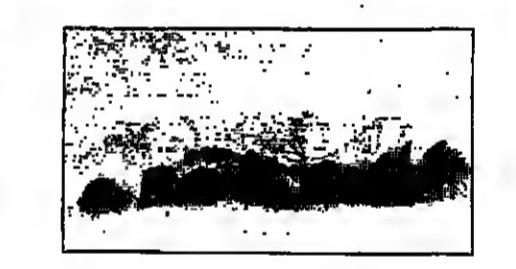


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ARTS

Soothing sounds of Araby

Despite the recent tragedy, Michael Church finds a thriving cultural celebration in Egypt

Egypt is a land in anguish: impoverished, stalked by fear, racked with remorse, terrified of ostracism. You feel it in the streets, you find it on every page of the newspapers. So it was no surprise to read a long and ecstatic review in Al Ahram of a performance in Cairo last week by the London-based Out Of Joint theatre company. Its visit, said the paper, "was a wonderful gesture of friendship and support". The article was headlined "Great art and brave hearts".

Well, moderately brava hearts. Their visit was to have been one of the highlights of British Week - scheduled long before the Luxor massacre - but when the terrible news broke, the actors spent two days at Heathrow nervously debating whether they should go at all, with the result that their inaugural show had to be cancelled. A day later the Guildhall Strings - billed as British Week's other highlight - refused to board their plane. And eight of the 40 British universities due to bark their wares at an education fair pulled out. This was not British culture's finest hour.

Nor, to be frank, was the British jamboree at the Nile Hilton. The department of trade and industry had delegated the foyer display to a company who chose to present their country with the aid of red telephone boxes, London bobbies, killed Scotsmen, Beatrix Potter mice, horse-drawn carriages, and deviled mulls. Watching this farago, I heard a British Council officer mutter despairingly, "Why can't they broadcast the message that we are alive?"

Because the British Council in Egypt - now 60 years on poste - is very much alive. It may bang the drum in all the usual ways - teaching English, boasting British books, presenting British films and rock groups - but its cultural work goes to the heart of some of Egypt's key problems.

Most women in rural Egypt are illiterate: the council is devising a huge project to help remedy this. And next week it is holding a conference in Cairo entitled "Democracy and the Rule of Law" for academics and jurists from all over the

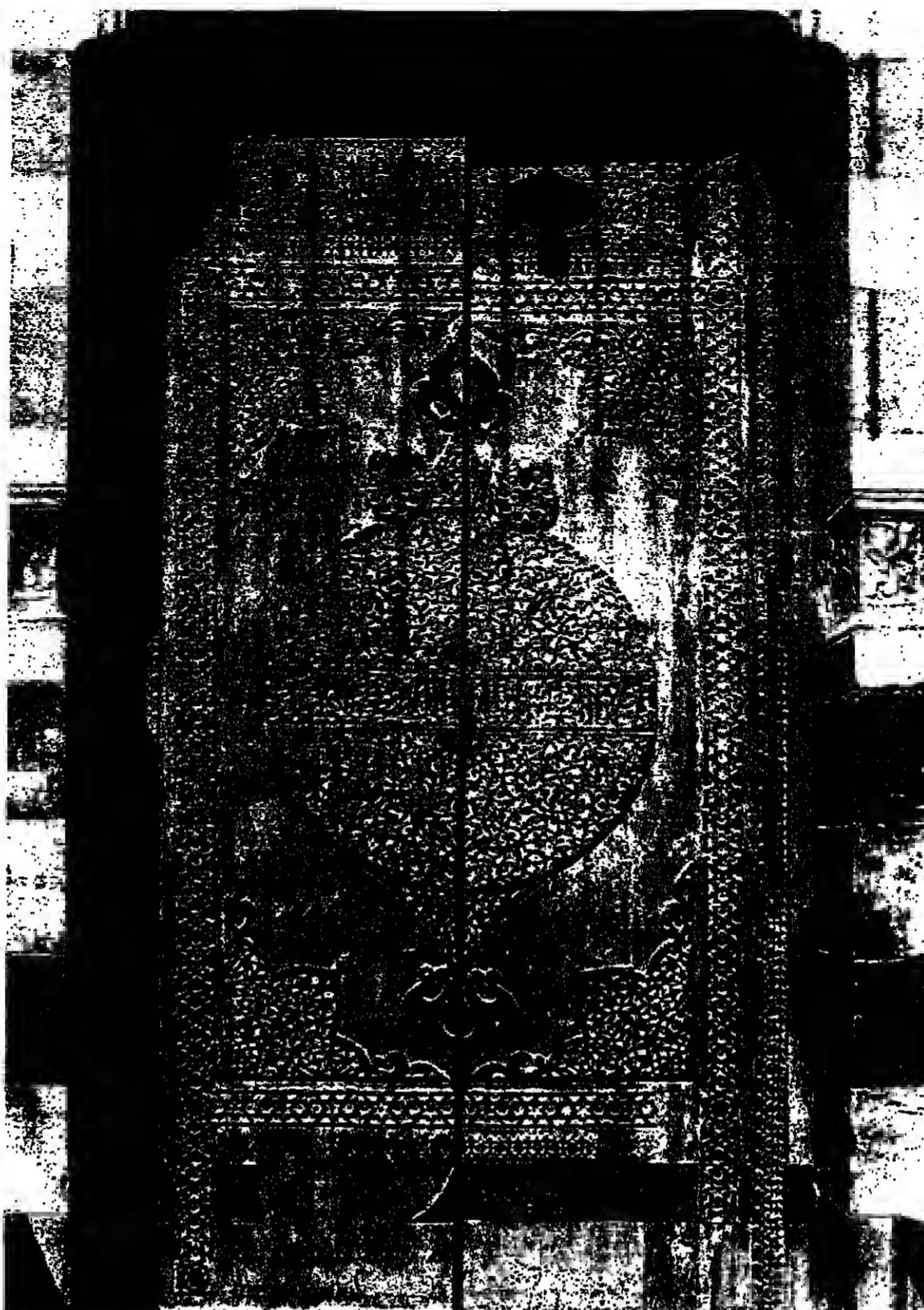
world. Ruth Addison, the convenor, is aware of the risks in the present climate, but is determined to have free speech. For all its faults, she says, Egypt is the only country in the Middle East where such a conference could be held. Next year the council's arts manager, Basma El Husseiny, is planning a training programme for police officers with a special focus on human rights in interrogation procedures.

Another of El Husseiny's projects - to be unveiled at the Amman theatre festival in March - is an internet website providing a directory of actors, musicians, and artists throughout the Arab world. "We all have the same problems," she says. "Our arts are almost all state controlled, which means that only artists with friends in high places get support and recognition. The website will give names and addresses for free, it's desperately needed."

I got a whiff of that desperation in Alexandria, where Out Of Joint had been scheduled to give their final performance. With an actor off sick (and no fall-back plan) the show was cancelled, leaving the British Council to apologise to the throng at the door. A visiting company is a rarity here, and many in that throng were local actors eager to improve their skills. One group of directors and designers had brought a detailed statement proposing future collaboration with their putative British mentors. This was, a sad and shaming moment.

Since music is the art that travels best, it is appropriate that the council should regularly send young Egyptian musicians to study in Britain (a scheme currently suspended thanks to government cuts). These musicians, of course, play classical music in the western sense of the word: in Egypt the divide between occidental and oriental classical music is stark, and nowhere better exemplified than in the Conservatoire and the Arabic Music Institute, standing side by side in the shadow of the Pyramids.

The Conservatoire has its fair share of student talent (watch out for a remarkable young cellist called Mah-



The beautiful door to the al-Azhar Barsbay Mosque in Cairo's main street. Made in 1423, its surface is ornamented with fine bronze open-work, fitted into an 'aik' frame. From 'Splendours of an Islamic World' by Henri and Anne Stern (JP. Tauris, £39.50)

moud Saleh). But its graduates have great difficulty in finding work, because Egypt's western classical audience is minute. I went to a concert by the London singing group, I Fagiolini, at the Cairo Opera House, and watched Purcell - beautifully sung - empty the hall.

The Arabic Music Institute, on the other hand, is the brand leader for the Middle East: its graduates are in huge demand, with those working in the Gulf earning a fortune. I sat in on classes for the oudh, the nay (bamboo flute), and the kanoun (oriental zither), and watched the "beginners" orchestra go through its paces, generating that mournful sweetness which is the soul of orchestral music in Araby.

For this disjunction between the cultures, however, the ever-inventive El Husseiny has devised a remedy: putting three classical Arabic musicians together with three Britons, she has induced a unique fusion, which goes by the name of Maqam. Sheriff Mohieldin, who conducts the Cairo Opera House orchestra, says his dream is to programme concerts with exclusively Egyptian compositions.

In a dizzy week, the most inspiring thing I encountered was within the British Council's portals. I had seen the travelling puppet shows at Cairo's Saylyah Zeinah fair; here I saw their equivalent, made and manipulated by children from Kenya, a part of Upper Egypt which the press routinely brands as

a hotbed of terrorism. It is in this area, with support from the British Council and their Swiss counterparts, that the El Warsha theatre company has opened schools for puppetry, cartoon film-making, and the ancient art of stick-dancing.

Hassan El Gerely, El Warsha's director, is motivated primarily by artistic goals, but he has an implicit political agenda. Over the past five years he has roped in aged maestros of near-forgotten folk arts and induced them to pass on their skills. In the hands of his company, which is due to perform at the Kennedy Center in April, these techniques produce wonderfully theatrical results. As a way of channelling the creativity of children who might otherwise

gravitate to crime, their value is immense.

The Egyptian government

does not take much interest in El Warsha's activities,

and does not provide any funds. Nor does it support any funds.

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ARTS

Well, well. So the Turner Prize for 1997, and its £20,000, has gone to Gillian Wearing.

Wearing, when everyone had thought, indeed was all but convinced it would go to Cornelia Parker, she of the preciously presented piles of miscellaneous waste, and the dangling bits of carbonised church. But then a surprise was always on the cards, or rather non-surprise, for in truth this year the short-list was narrower than ever in its scope, and the Turner is notorious for the favourite coming unstuck.

The prize is restricted to British artists under 50, and is given for "an outstanding exhibition or other presentation of their work" in the 12 months preceding the publication of the short-list, in this case May 30, 1997. So it is not even the work itself that is rewarded so generously, but rather the show, the event, the *mise en scène*. This rule suits the conceptual artist

and installationist very well, indeed could almost be so designed to exclude all else, for without a show there is for them no work at all, but only the project, the idea, the twinkle in the eye.

For all the particular differences between them, the four women who make up this year's list all conform very closely in this respect. They are none of them makers as such, their art-work, as we must learn to call it, consisting in nothing so chancey as to involve any laying-on of hands, but only the judicious selection, disposition and ordering of actions and material.

Gillian Wearing's citation tells us that she thus stands out "for the sustained development of her work in this year as seen in 'The

Cauldron', at the Henry Moore Studio, Halifax; in 'Full House', at the Kunstmuseum, Wolfsburg; and most recently for her thought-provoking video '10-16' at the Chisenhale Gallery, London."

I like that "thought-provoking". Art, I mean art-work, these days has very much to do with making us think. It constantly asks us to "confront issues" and certainly expects us to think about them correctly - women's issues, race issues, gender issues, the rewriting-of-history issues: all that sort of thing.

What Wearing does in fact is to play around, to superficially intriguing and entertaining effect, with the video camera.

Why this should make her an artist, I mean art-worker, rather than a film-maker or

photographer is another matter. There is nothing wrong in principle with artists exploiting new devices and techniques as they become available, if appropriate to their purposes; but equally, there is no virtue in such experiment of itself that justifies the work as art. And some of us begin to grow tired of being told yet again how wonderful it is that young artists these days are working with new media and technologies, as though that alone makes what they do exciting, or even interesting. No doubt squeezing the paint onto the palette was no less exciting, when tubes of paint first came in.

The problem is that we have as yet no clear critical language or aesthetic for so much of the work that is being done in these

experimental areas. On the other hand, those that already exist for theatre, literature and cinema are more than adequate, if only we are honest enough to apply them.

She persuades passers-by to write their passing thoughts upon a placard and hold them up to the camera. She films herself dancing alone in a Peckham shopping centre, and we are supposed to be surprised that no one seems to take much notice. She films adults miming to children's voices, achieving an immediate frisson of incongruity soon dulled by repetition. A more recent wheeze, central to her current prize display at the Tate, sets up a group of policemen and women for a photograph and films them for a solid hour. My goodness, how they shift and yawn and scratch and stretch.

"Using photographs and video she has collaborated with members of the public, young and old, to produce a body of

work that yields insights, both funny and disturbing, into the complexities of everyday life at the end of the 20th century... Using carefully thought-out methods and strategies, she presents a kaleidoscopic view of human experience, its pleasure, pain and ambiguities."

So runs in part the apologia in the exhibition pamphlet, and indeed it would be interesting to learn quite what these insights are, and how we might profit by them. What does a well-dressed young man holding up a sign that says "I'm desperate" tell us about our quotidian complexities? What do those fidgeting policemen demonstrate beyond the obvious that it is jolly uncomfortable to sit still for five, let alone 60 minutes? So far as I can see, nothing at all.

The Turner Prize: The Tate Gallery, Millbank SW1, until January 18; sponsored by Channel 4.

A temple to ambient light and sound

John O'Mahony finds Brian Eno with a room of his own in a St Petersburg museum

Brian Eno yelps, "Did you see that?" at the crew of technical staff shuffling nervously around St Petersburg's Russian Museum. "She didn't bring the mop out in the bucket, not even once."

With less than 24 hours to go until the opening of his installation, "Lightness", in the museum's Marble Palace wing, many of the vast numbers of slides to be used in the show are still lying in an unruly, promiscuous heap on Eno's cluttered table. The seven projectors, which will eventually spew garbled coils of light onto a giant, diamond-shaped screen, are behaving erratically; and the three CDs players, that should glide over one another to produce a constantly permutating soundscape, still need to be hooked up to the speakers. But Eno's thoughts are focused elsewhere: on the floor, the mop and the professional peccadilloes of a post-soviet cleaning-woman. "I mean, what is the point in just sluicing the water around the room like that? It makes no difference whatsoever. All I achieves, in true socialist fashion, is an even redistribution of the dust."

One would expect that Brian Eno might have grown accustomed to this sort of thing by now. The founder-member of Roxy Music, producer to David Bowie, Talking Heads and U2 and inventor of "ambient music", has spent a total of five months in St. Petersburg since announcing last April that he and his family were relocating to Russia for an indefinite period.

Since then, he has moved almost exclusively in the city's grungy visual art circles - Eno's original ambitions to be a painter were derailed when met the other members of Roxy Music while studying at Winchester School of Art - popping up unannounced at exhibition openings, becoming involved with a new St. Petersburg aesthetic terrorist organisation called "Artistic Will", and going on an art expedition to a Crimean lunatic asylum. The familiar persons of producer, techno-boffin and all-round pop-visionary have evaporated and been replaced by "Brayan Ino painter" - the

The London Philharmonic's "Prokofiev Festival", which finished on Wednesday, delivered rather less than it had seemed to promise. Apart from the opening affair - a screening of Eisenstein's *Alexander Nevsky* with the old soundtrack replaced by a live performance of Prokofiev's score - and some marginal events, the three LPO concerts offered familiar works unremarkably played, and some unfamiliar works that were either dimly played or just intrinsically dim.

Perhaps Prokofiev's oeuvre really does divide like that: between roundly effective, characterful pieces that have had a public place for many years now, and ineffective pieces which haven't. At any rate, what the LPO offered was on the one hand the evergreen pair of



Pop-visionary Brian Eno pores over slides for "Lightness", his installation on show in the Russian Museum's Marble Palace

vague, ill-defined and very distant possibility. After an offhand suggestion to members of the Russian Museum staff, he suddenly found himself in possession of a gigantic, neo-classical, newly-renovated chamber and a carte blanche invitation to do what he liked with it.

By the opening, he had completely transformed this extraordinary space, erecting a system of screens and pillars at one end, dousing the surface with shards of colour and delicate streaks of light, and finally enveloping the whole thing in sound: soft liquid droplets of electronic music that seems to ooze from the speakers. A computer programme controls the slide projectors so that the same pattern never

More important to Eno than the installation itself or even its manifest success - at the premiere, young trendy Russians gazed at the curvaceous shapes for hours on end - is the fact that "Lightness" is happening in the Russian Museum. While

he has mounted similar work at the Riverside Studios in London and at various venues throughout Europe, this is the first time he has crossed the threshold of such a renowned cultural landmark. It marks the fulfilment of everything that Eno set out to achieve in St Petersburg: "This place is the equivalent of the Tate Gallery", he whispers, almost in disbelief. "Well, they wouldn't put one of my shows in the Tate because I am a pop musician and I can't really be a bona fide part of that world. But they can put my work on here. This kind of distinction doesn't seem to bother the Russians, if they even think about it at all."

Now that "Lightness" is

up and running, Eno is making preparations to enter the fray again in London - revitalised and ready for some lengthy sessions in the recording studio. But much as Eno may have enjoyed his Russian sojourn, he adamantly insists that there is no prospect of a long-term move: "No, I wouldn't live here permanently," he says, "I doubt if I'll ever live permanently in any one place again. I find that I am very stimulated by dropping into other environments and picking up what is special about those. It invigorates me. It keeps me awake."

Brian Eno's "Lightness" runs at the Russian Museum's Marble Palace until December 15.

Concerts/David Murray Plethora of Prokofiev

violin concerti and the dark,

wrenching Third Symphony (cleverly cobbled together from *The Fiery Angel*, after the composer had despaired of getting a stage performance for that haunted opera); and on the other, a clutch of semi-forgotten pieces that left no fresh mark.

The major resurrection might have been the complete score of *Chout* ("Buffoon"). Prokofiev's merry, folksy ballet-pantomime about wife-beating and murder. There may be no more to this 1915 piece than the motorised, featureless battering that we got. But I

should be more confident of that if the conductor Alexander Lazarev had made more than flat routine of the Third Symphony, or sparked a less grey, subservient accompaniment for young Vadim Repin - who needed more - in the First Violin Concerto.

Repin was fellow-student of Maxim Vengerov's in Novosibirsk, and when I asked Vengerov a while ago what other violinists of his generation he admired, Repin's was the only name he was prepared to mention. Here, though, and later with Rozhdestvensky in the Second Concerto, his evident

promise seemed half-fulfilled. A superdry straight bow, and the ultra-smooth, musically lines that go with it; but too little incisive rhythmic grip to make the scherzo of the First *brilliant*, nor to capture the earthy voice of the Second.

The "brittle" Fifth (and last) Piano Concerto really could be a discovery, when some conductor learns how to make his first-deak players answer brightly enough to the skittish solo part. This is virtually a "chamber concerto", in which all the quirky individual voices are what count. Lazarev let them flourish at random, incoher-

ently and ineffectually, maybe too little rehearsal. The soloist Nikolai Demidenko, subtle and well-sprung, got no decent replies from

anybody.

The final offering in this festival was *Maddalena* (1911-13) with Kirov Opera soloists, a one-act opera Prokofiev composed in his student days but never finished orchestrating (it was sympathetically completed by Edward Downes). Its basis was Oscar Wilde's "dramatic fragment" *A Florentine Tragedy* - like Zemlinsky's same-name opera and Korngold's *Violanta* a few years later. Less hysterically overblown than either of those, Prokofiev's piece relies grimly upon chromatic, step-wise lines, crawling up and down in the orchestra and often in the voices. You get the idea soon: the opera goes on for longer.

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Viewing the Met through rose-tinted spectacles is easy but dangerous. Unlike opera houses in the UK, there is little room for experiment. When the Met's taste advances, it usually comes in the shape of tried artistic formulas from the Old World. This helps to explain why Jonathan Miller is so popular in New York. He has been working there regularly since the early 1990s, and looks set to continue doing so. His productions, often rehashes of previous efforts elsewhere, come with a veneer of intellectual

Spavento. James Levine's forte, and it shows. The sound is too plush, the tempos too slow, and the amplified harpsichord doesn't help. Even so, the Met orchestra seems incapable of turning in a dull performance - one more reason for exchanging London's operatic blues for a night at the Met.

A tale of two cities

New Yorkers are incredulous at the operatic mess in the UK, reports Andrew Clark

Imagine you are a regular patron of the Metropolitan Opera in New York. On stage, you have an endless parade of the world's finest singers - many of them home-grown, as in Jonathan Miller's new production of *The Rake's Progress*. Front-of-house you are part of a "democratic" public which fills 4,000 seats, seven performances a week, from September to May. And whether you buy a \$200 ticket or a cheaper one, you cannot fail to notice that the Met is the best-oldest machine in the business.

The management seems to know exactly what it is doing. It recently announced a programme of new productions - not just for the 1998-9 season, but for the next five years. It has signed a long-term contract with the world's most wanted conductor, Valery Gergiev. It has also commissioned three new operas, including one from Chinese-American composer Tan Dun. All that - and barely a cent of taxpayers' money. You don't even have to pay for your programme.

Contrast this with the mess in London, and it's hardly surprising New Yorkers should react with a certain amount of *Schadenfreude*. Sick of having to listen to British visitors' patronising comments about Met conservatism, they see the UK operatic system in a process of self-destruct. Behind the snarl there's an air of incredulity: was it necessary to subject renowned institutions like the Royal Opera House and English National Opera to such chaos? And why should something enjoyed by hundreds of thousands be branded elitist, just because rich people like it too? Americans know political demagoguery when they see it, and they've spotted it 4,000 miles across the Pond.

Culture buffs in New York see London's opera crisis as a legacy of the Reagan/Thatcher mentality and the havoc it wrought on the arts on both sides of the Atlantic. The Met's advantage is that state subsidy amounts to less than three per cent of the budget; if it was cut, it would have an inconvenience - but not a tragedy. No one in the US is foolish enough to believe British opera companies can convert to a Met-type operation overnight. It needs favourable tax legislation and a long tradition of private support. What makes the UK interesting for Americans is that, despite the influence wielded by people like Vivien Duffield at Covent Garden, high culture does not generally bow to the taste of a few rich people, as it does in the US. The British mix of public/private support is seen as a paradigm of how to nurture the arts.

On the plus side, Miller discovers real characters behind Stravinsky's archetypes. With the exception of a hopelessly overacted Sellem, the "vocabulary" of glance and gesture is illuminating.

Samuel Rameau's *Nic* is far more dangerous than his previous attempts at this role (and just as crisply sung), because Miller makes him so plausible. Dawn Upshaw's Anne also benefits, far from being the stereotypical American sweet heart, she radiates vocal and moral purity, no more affectingly than in "I go to him". Jerry Hadley has probably played Tom once too often - the tone is now uncomfortably strident - but he knows how to impersonate the ne'er-do-well, and his Act 1 lament held the audience spellbound. Denyce Graves, a singer who goes from strength to strength, is the sumptuous, sexy Baba; and David Pittsinger makes a sincere Trulove.

Stravinsky is not really Levine's forte, and it shows. The sound is too plush, the tempos too slow, and the amplified harpsichord doesn't help. Even so, the Met orchestra seems incapable of turning in a dull performance - one more reason for exchanging London's operatic blues for a night at the Met.

Stylis

Karen Wheeler says

ESSEN
ON THE

How to Spend It



A tale of two cities

Workers are increasing
operative mass in the
reports Andrew Clark

From left:
■ The joy of Dries Van Noten is that his eclectic, decorative clothing is made to mix and match and blends well with other designer pieces. Print skirt, £330 by Dries Van Noten, and red wraparound sweater, £150 by Etro, both from Browns 23 South Molton Street, London W1; tel: 0171-461 7333.

■ Devoré silk chiffon print dress with spaghetti straps and slip underdress, £1,495 by Basia Zarzycka, 135 King's Road, London SW3; tel: 0171-351 7278. This dress might seem extravagant but is irresistible. The young and streamline could wear it on its own - but paired with the sort of long, plain black jacket that most women

have in their wardrobes, it becomes practical and wearable.
■ Both Tocca and Keita Maruyama specialise in pieces that can be bought to add zest to items already in the wardrobe, such as this lace print skirt, £170 by Tocca and embroidered purple sweater by Keita Maruyama, £135 - both from Tokio, 309 Brompton Road, London SW3; tel: 0171-823 7310.

■ Delphine Wilson, and Martin Kidman specialise in interesting pieces of knitwear that can be used to make an otherwise simple outfit look very individual - for example, this purple cobweb knit cardigan, £349 by Delphine Wilson from Harrods, Knightsbridge, London SW1; tel: 0171-730 1234.

■ Silver printed evening coat with fur trim, £650 by Scapa from Browns, (as before). This opulent evening coat reflects the trend for luxurious items of clothing perfectly.
■ Elspeth Gibson specialises in beautiful evening pieces - dress, jackets and skirts in decorative fabrics, such as this black sheer beaded skirt, £219 by Elspeth Gibson

from Harrods (as before), and A La Mode, 36 Hans Crescent, London SW1; tel: 0171-584 2133.

■ This luxurious little grey opera jacket would transform any long plain black dress - £280 by Elspeth Gibson from Liberty, Regent Street, London W1; and A La Mode (as before).

Illustration: Jason Brooks

Fashion

Stylish women are going to pieces

Karen Wheeler says the branded look is on the way out, and mixing and matching is in. She offers some tips on the best of the bits

Fashion, dedicated watchers will have observed, is now all about pieces - individual, beautiful and not necessarily strictly practical.

Pieces have replaced the trendy label as the way in which the fashion cognoscenti define themselves. Few truly stylish women now wish to dress head-to-toe in one instantly recognisable brand.

Instead, they prefer to adopt a magpie approach to fashion - a cardigan from one designer, a wonderfully cut pair of trousers from

another. They might buy a stunning sequined chiffon evening skirt by Elspeth Gibson and wear it with a plain black jacket that they already own.

Even the most purist of designers such as Giorgio Armani are astute enough to realise that women buy clothes to mix in with other items in their wardrobe and the art of dressing now is about looking individual.

The result is that designers and retailers are increasingly putting the emphasis on pieces - delicious stand-alone items, rather than ruthlessly co-ordinated,

matching skirt and jacket ensembles.

Whether it is a stripey cashmere twisnet from Lucien Pellat-Finet, a absolutely irresistible devoré chiffon dress by Basia Zarzycka or a little lacey cardigan from Colette Dinnigan, the most tempting buys at the moment are items of clothing that you probably do not need, yet somehow can't stop yourself from buying.

Joan Burstein, owner of Browns in South Molton Street, London, says that she is "increasingly stocking lovely little pieces that

enhance and stimulate an existing wardrobe. Women who have spent a lot of money on a Jil Sander suit, for example, want to get mileage out of it and that means adding something attractive - such as a marvellous scarf or a Dosa shirt underneath - that makes them forget that they have had that suit for several seasons."

Significantly, the designer labels generating the biggest buzz at the moment are those specialising in divine one-off items. Clements Ribeiro, Dries Van Noten, Elspeth Gibson, Stella McCartney for Chloe, are all designers specialising in irresistible clothes that, at the same time, will blend in with more staple pieces.

Joan Burstein also names Sonia Rykiel as the ultimate "piece" designer. "She is often overlooked but does wonderful pieces - such as this season's marabou-trimmed jacket, which was a sell-out."

In addition to Browns,

shops such as A La Mode in Knightsbridge and Tokio, a small one-off shop in fashionable Brompton Cross, are the ultimate places in London for buying "pieces".

Tokio stocks unusual but stunning items by Clements Ribeiro, Martin Kidman - the ex-Joseph knitwear designer who makes little cardigans in delicious colours with an artisanal feel - Tocca, Elspeth Gibson and Keita Maruyama, a Japanese designer who makes delicately embroidered cardigans.

Manami Sloley, Tokio's owner, deliberately breaks the collections up on the rails, stocking clothes by colour, or in groups that will work together, rather than by designer name. "I don't think that people buy into a head-to-toe designer look any more. The reality is that most people mix and match their clothes, which is very much the philosophy of the shop," she says.

Josephine Turner, co-owner of A La Mode has also always subscribed to this

philosophy. "Fashion has become a lot more decorative and hazy recently but we have always bought collections in a different way from other stores, focusing on the very special pieces which are wonderful because of colour, decorative trim or beading."

It is also worth remembering that these are exactly the sorts of pieces that could have been designed with Christmas in mind - no need to think in terms of complete outfits. What woman would not be thrilled to wake up on the morning and find a Cath-

ryn Avison scarf, a cobbwebby cardigan, a luscious wrap beneath the tree?

Most of the pieces sketched here would work well with most women's wardrobes - they would not be suitable for every occasion, the evening out, to give new life to a dull working suit; all of these could earn their hefty price-tags many times over.

The Financial Times plans to publish a Survey on

Charity Fund Investment

on Friday February 27

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On the first day of Christmas...



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HOW TO SPEND IT

Jewellery

Back to the glitter of the real thing

Put aside the fakes, says Lucia van der Post, this winter it is pavé diamonds and the glint of gold

Strange to think that just a few years ago real jewellery seemed on the way out. It wasn't just the makers of costume or *fauve* jewellery who gloried in the fakeness - even the purveyors of real jewellery were often busy trying to make it look false. "So much more fun," they cried, as they piled on the cubic zirconium, the glass and the metal. Those who had real jewels to wear found it was frequently mistaken for a very clever buy from Butler & Wilson.

This winter, quiet luxe is back. Better real and small, seems to be the motto, than big and false - though few would say no to big and real. Real jewellery, it seems, is making a comeback. In fashionable London circles, even very young girls are sporting little crosses or stars of pavé-cut diamonds and platinum or gold. Diamonds glitter at the earlobe - small but indubitably real.

If her tastes run to the traditionally glitzy, if she loves designer suits and lunching at The Caprice, then make her happy with one of Chanel's white gold star designs set with diamonds. You could get her some small star stud earrings for £1,600, or a small star pendant on a fine white gold chain for £1,770 (larger sizes available and very welcome, too). Available from Chanel's Jewellery shop at 173 New Bond Street, London W1.

For eminently wearable jewellery that is real and has a touch of class about it, it's hard to beat Kiki McDonough. She has the knack of coming up with designs that can go happily from the school-run in the morning to a posh dinner party in the evening.

Perpetual best-sellers are her 18-carat gold earrings for every day, priced from £295 to £295. Almost any of the designs would go down a bundle with any career woman. For something with more panache, which makes a bolder statement, there are her great twisted and looped strings of semi-precious stones - amethysts, iolite, citrines, tourmalines - at less than £1,000 a time. There is a mail order brochure but it's best to visit the shop at 77c Walton Street, London SW3, tel: 0171-681 1777.

More wearable jewellery, the sort of classic pieces that every chic wardrobe needs, can be found at Annabel Jones, 52 Beauchamp Place, London SW3 1NY - gold chains, three gold rings, ear-

rings and bracelets, elegant diamond and pearl drop earrings, as well as this year's favourite, the pavé-cut diamond cross.

For seriously pretty earrings, Louise Sinclair does a combination of aquamarine and South Sea pearl for £2,800 - find her at 180 Walton Street, London SW3.

Jane Sarginson uses freshwater pearls, South Sea pearls and unusual shapes and colours - pinks and greys as well as the traditional creamy whites - often set with coloured stones to bring out the colours of the pearls for necklaces, earrings and brooches combined with textured 18-carat gold.

Sarginson will make anything to order and her prices start at £800 for earrings, £2,000 for a necklace. Her work can sometimes be found at Garrard's in Regent Street, London W1 and sometimes in Hamilton & Inches, George Street, Edinburgh. Otherwise, for special orders contact her on 0171-607 9385.

Gobsmackingly big rings are still in vogue - they are elegantly done at Marina B, 174 New Bond Street, London W1 (prices around £1,100). Cheaper ones (under £100 but still with semi-precious stones) can be found at Debenham's stores.

Paste jewellery is, strictly speaking, fake jewellery but in the past few years it has become so collectable you could be forgiven for thinking it was as valuable as

gold-dust. HRW Antiques has collected together a mouth-watering selection in the Antique Department on the 4th floor of Fortnum & Mason, Piccadilly, London W1. There are "diamond" and "sapphire" clips, brooches, bracelets and necklaces - in *fauve* emeralds, diamonds, sapphires and rubies, almost all very wearable and at reasonable prices, with plenty to buy at less than £200.

For really original, one-off pieces, Susan Lenox has taken a collection of 18th-

and early 19th-century Chi-

nese kingfisher feather hair ornaments and incorporated them into stunning pendants, brooches and necklaces.

These are not pieces for

wearing with an everyday working suit, being dramatic and unusual, but they fit in perfectly with today's mood for Chinese-influenced embroidery and clothing.

Prices start at about £500 for a brooch, something as intricate as the coral and antique kingfisher feather ornaments photographed here is about £4,000. Each piece is unique and a selection can be found at Anouska Ham-

pel, 2 Pond Place, London SW3 and Ben Janssens, 2 Ryder Street, London W1.

On December 15, Sotheby's is holding an evening sale of

small precious items, many of which would make terrific presents. Estimated prices start at £50, but anybody with slightly more to spend - say up to £500 - should have lots to choose from.

A row of cultured pearls with an amethyst and half-pearl clasp is estimated to go for between £200 and £250, an amazing aquamarine and diamond ring for between £250 and £300 and an emerald and diamond bar brooch for between £400 and £500.

The sale seems particularly good for those looking for rings but there are small objets as well. Sotheby's is at 34-38 New Bond Street, London W1A 2AA; a catalogue is available for £5 from catalogue subscriptions (0171-314 4444), while viewing is possible on Friday December 12 (9am to 4:30pm), Sunday 14 (noon to 4pm) and Monday 15 (9am to 6pm).

And if all these prices seem beyond you, there is some good news - quite the most cultish, most sought-after accessory of the moment is the bracelet made from guitar strings being sold at £25 in Summerhill & Bishop at 100 Portland Road, London W1L 2EE. A whole mass of them come packed into a very neat little tin (which could fit most handily into a stocking) and, of course, it is absolutely essential that you wear them all at the same time. Buy them by post for an extra £4.



From top:

- Art Deco aquamarine and diamond brooch (c.1920), £900, from Leo De Vroomen's ravishing necklace of cabochon tourmalines in shades of green and amber mixed with South Sea pearls, £4,250, from Harrods' fine jewellery hall.
- Jane Sarginson's pearl jewellery using freshwater pearls, South Sea pearls and coloured stones (mostly sapphires and rubies). Prices start at £800 for earrings, £2,000 for a
- necklace. To order, telephone 0171-607 9385.
- 1930s circular dress clip in lapis lazuli with a garland of paste with a bow, £115; 1940s large double-clip paste brooch set in silver with two high-mounted rhinestones, £225; early 20th century graduated oval faux amethyst bracelet set in silver, c.1910, £165; all from HRW Antiques at Fortnum & Mason, Piccadilly, London W1.



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HOW TO SPEND IT



Preparing for the ball: nowhere does high society meet high fashion in such sumptuous surroundings as at the annual Crillon Haute Couture Ball

Fashion of higher society

Nicholas Woodsworth meets the debutantes before the great Parisian ball

There are two popular subjects that as an adult male I make assiduous attempts to steer clear of. One is high fashion, the other is high society. What Kate Moss wears in the Milan spring collections, or which of her bodyguards Stephanie of Monaco is consorting with, I tell myself, is no concern of mine.

And yet, quite unaccountably, I always fail the waiting-room test. When confronted at the doctor's or dentist's with piles of publications on motor cars, yachting and other manly topics, I invariably go for the glossy magazines instead; there, I gorge myself on royal gossip and the spectacle of improbably long limbs encased in costly and diaphanous materials. Such things are enough to make going to the dentist's a secret pleasure.

It was with some hesitation, then, that I finally came out of the closet last weekend and checked into the Hotel de Crillon in Paris. For here, assembled under one roof, were 24 gorgeous young women of impeccable social lineage about to model the work of 24 of the world's most prestigious fashion designers. Attended by *le tout Paris*, dining and dancing were to follow. Nowhere does high society meet high fashion in such sumptuous surroundings as at the annual Crillon Haute Couture Ball or, as it is more popularly known in France, *Le Bal des Débuts*.

Debutantes' balls are, of course, British institutions, evolved long ago as a means of introducing well-born women into society and securing the best possible marriage. That such a practice has survived in the UK –

albeit a shadow of its former self – is remarkable. But at least it has some historical justification – Britain, for the time being anyway, remains a kingdom. That a 'debs' ball exists across the Channel, in a place where aristocratic heads were parted from aristocratic bodies 200 years ago, is more remarkable still.

What about the Terror?

What about the sacred republican values of *liberté, égalité, fraternité*, I asked myself as I lay deep in a bubble bath at the Crillon studying the list of debutantes and their *cavalières* or escorts. Eildine de Sambucy de Sorgue... Hugo d'Apemont de Blanzy... Daphne de Montmarin... Cedric Moraggi de Montmolin – the names were as rich and illustrious as the clothes they would be wearing.

But here was no terror,

then, dinner-jacketed, I descended the Crillon's broad marble steps to the temporary make-up and dressing rooms established behind the hotel's Cour d'Honneur. What I found in its place, though, was a good deal of pre-ball nerves.

It is no easy job getting even the coolest and most hard-nosed of professional models ready for a haute couture fashion show.

Preparing 24 butterfly-stomached young ladies of gentle birth is harder still. But here, in a great confusion of blow-dryers and hair clips and lacquer spray, of mascara and eyeliner and mirrors, of anxious young women in fluffy white robes submitting to a dozen different ministrations, three young debutantes already dressed in their haute couture outfits found time to chat with me.

The names were as rich and lustrous as the clothes they would be wearing

each other and broke into a storm of laughter. Of course they were not looking for husbands, they said, as if I had come from another planet. This was 1997. They were looking for fun.

But elegant fun, nonetheless. Cordelia de Castellane, dressed in a strapless silk taffeta gown of heige and pastel checks, said she was not new to haute couture – she had worn another gown, also by Ungaro, at the wedding of her sister to Prince Pierre d'Arenburg at Versailles. Perhaps I had read it, she politely inquired. Not having been to the dentist for some time, I was forced to admit I had not.

No matter, she said. The great challenge for her, as it was for all the girls at the ball, was to fit into haute couture gowns designed for professional models. And, indeed, from close quarters, surrounded by 24 females in various states of *déshabillé*, I could see that to take part in the Crillon ball, it is not enough to be well-connected.

You need to be well-shaped and as tall, light and leggy as those ephemeral creatures that stride the catwalks for a living. In short, you have to have it all.

Margot Poniatowski is only 16 and still has the face of a child, but in her red tulle, ruby-sequined gown by Jean-Louis Scherrer, she had it all. Charlotte-Amelie Daehn is also 16, but in Dior's slinky black long crêpe skirt, with exposed midriff and embroidered broken mirror top, she most definitely had it all, too. Although she was still a little uncertain on her high heels, she felt like a princess for a night, she told me.

And what of the real Princess Tamara Czartoryski-Borbon? I found blonde-haired Princess Tamara, whose grandmother is the aunt of Juan Carlos of Spain, sitting rather delicately on the edge of her seat and breathing shallowly. She loved her Vivienne Westwood robe, she said, flouncing the silk tulle leopard-print dress that flowed voluminously from her corseted waist. The only constraint, she said, was the corset itself – it had taken three people to draw its laces tight. Never mind, she said stoically. For Ms Westwood, she was prepared to make any sacrifice.

The day drew in. Debs smoked cigarettes with practised gestures, sipped the Crillon's superb hot chocolate from thin china, practised one-two-three, one-two-three waltzes about the floor, and waited nervously for their *cavalières* and magic hour to arrive.

Which they duly did. Out in the main reception hall, a brilliant expanse of mirrors and crystal chandeliers and polished marble, some 300 arriving guests were formally announced. Trays of champagne circulated. Chantal de France, daughter of the Comte de Paris, pretender to the French throne, was greeted by a barrage of camera flashes. Preliminaries over, the guests seated, the parade of debuts began.

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Don't take the Mickey

Holly Finn visits San Francisco's Mouse Couture II

Picture Audrey Hepburn having Breakfast at Tiffany's, back to the camera in the night before's still-perfect black dress.

Now picture her two inches tall. The dress is the same, but she has morphed into a fury toy mouse.

You're not playing parlour-game Kafka, you're getting a glimpse of the display cases, donated by Tiffany, at Helpers Homes Bazaar in San Francisco. They are now showing *Mouse Couture II*, definitive proof that style has nothing to do with size or species.

The theme this year is Audrey Hepburn. The tiny mice are dressed in miniatures of Holly Golightly's tuxedo shirt and eye-lash curling night mask, in the big-brimmed hat with alligator shoes and purse she wore to visit Sally Tomato in *Funny Face*'s red Italian silk satin gown and the white shantung pants suit with double-ribbed straw hat she wore fishing. Givenchy never looked so good or came so cheap: \$500 for each outfit (mouse included).

These well-dressed critters are wacky, and worth it. Inspired by Joy Bianchi, who has run Helpers Homes Bazaar for nearly 30 years, they were hand-sewn by the seven mentally retarded residents she helps care for at their nearby home.

"We used to make octopus-out-of-yarn dolls, that sort of thing," says Bianchi. But four years ago, she had an altruistic revelation in the most unlikely spot: 57th Street and Fifth Avenue in Manhattan. "Just outside Tiffany, she thought, "People are afraid of mice and people are afraid of the mentally retarded." Her mission: "Have the designers dress the mice." And she did.

Apart from this year's Givenchy mice, there is a growing permanent collection of mice dressed by everyone from Bill Blass to Vera Wang. Wearing a Diane Von Furstenberg wrap dress the first day I visited the shop, I was struck by my two-inch doppelganger decked out in exactly the same fabric and style. The mouse was accessorised better, in his white sunglasses, with big white hair. Looking mousey suddenly seemed a good thing.

Among the many others,

there is an Oscar de la Renta mouse in a horsehair and black satin skirt, a couple of Burberry's mice in traditional tartan, a Badgley

Christmas tree ornaments, which range from Ludwig Bemelmans' "Madeleine" in her red hat (\$14.95), to "Ju" from Little Women (\$35.95), to "Marlene Dietrich" in a black double organza skirt, swish black feathered bat and diamond ring (\$220).

The second day I visited, a couple from Denver was in the shop on their annual pilgrimage, buying "Princess Diana" this time, dressed in yellow velvet (\$49.95).

Seven hundred chic San Franciscans showed up at the holiday party in November to buy mice, as well as the other intricately hand-sewn animals, including hedgehogs (\$29.95), frogs (\$37.50, which equates to about 750 hours of work), and caravan camels with gold bullion accoutrements (\$730).

They talk to Jeannie or Kathy, two of the Helpers residents, who work in the shop, and leave laden with the handicraft. Which is how the best-dressed trees in the city come to be mice-infested.

"All the luxury stores know Joy," says Wes Carroll, general manager of Carlier in San Francisco. He made the Carlier "Mousecata" faux diamonds with mice peeking through the crown's curves) himself. Ken Moore at Bulgari, which has also contributed a mouse, donates his old crocodile belts, which are snipped up and made into bridle bits for ornament horses. "I've given them to my most exacting clients," he says.

How delighted Holly Golightly would have been if she had started her day at Tiffany's Christmas windows and seen the "Mouseentrants", toy mice dressed in silver and white space suits, clambering after the jewels. She'd have beaten out just the blues but the mean reds, too.

■ *Helpers Homes Bazaar, San Francisco (415) 387 9301.*

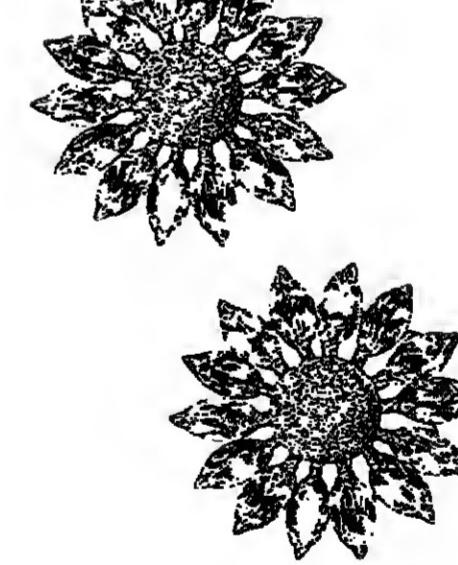
Oscar de la Renta, mouse-style

Mischaika "Camilla Mouse" which is just a little busy, and a Louis Vuitton mouse in convertible red Mercedes with miniature valises thrown in the back seat.

Rodents, more than royalty, seem to bring out the best in designers. James Purcell chose a bright plaid skirt for his mouse so the Helpers Homes residents could enjoy the neon ice-cream colours.

Manolo Blahnik is represented by a pair of sleek spiky satin shoes, identical to those he designed for Bianchi after she had broken her hip and was told she would never walk on heels again, only here they have mice adorning the front.

The permanent collection mice are not for sale but there are others, designed as



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SPORT / MOTORING

Sporting Profile

Choreographer of Jamaica's dancing footballers

Rene Simoes tells Canute James how he keeps the Reggae Boyz on their toes

It is a heady mixture, samba and reggae. Rene Simoes has seen it at work. "When I came to Jamaica three years ago and saw the football team at play, I found 11 talented seals who could balance the ball on their noses for a long time, but who could not pass it to each other," says the Brazilian technical director of Jamaica's "Reggae Boyz", who have qualified for the World Cup finals in France next summer.

"We had to loosen them up by teaching them that playing football was like dancing, much as you do to my samba and their reggae."

Making a team out of talented individuals was one of the hurdles Simoes had to overcome. Another was to break a cycle of delinquency on and off the field, and which, two years into his stint, still threatened to undo Jamaica's chances of making it to France.

The indiscretions of the "stars" are no longer overlooked. Training to run hard for 120 minutes rather than for 45 is part of the new disposition.

Some, among them the most popular, fell by the wayside. "The team is bigger than any individual player," says Simoes. "I do not care who you are, how good you are, or what you have done in the past."

Financing for the island's cash-strapped football administration was also an obstacle to Simoes' programme. "When I told people three years ago that Jamaica could make it to France in 1998, many said I was mad."

Gradually, however, corporate Jamaica was induced to support the programme. Money was found for overseas tours and for sponsoring and paying players who before had been amateurs. In a poor country, the financial rewards were important.

There was also other help, claims the Brazilian, whose religious beliefs are displayed on his shirts just as the players display their numbers. "God is on Jamaican's side," he says. There is no elaboration as to why He might have neglected the other teams in the qualifying rounds.

Recent performances of the

Reggae Boyz in stadiums overflowing with passionate, flag-waving fans is far removed from the poorly attended efforts of the past. Whenever the team is playing at home or abroad, Kingston's choking traffic deserts the streets.

"I tell the players there is a philosophy they should adopt. They should enjoy the game. They should think of it as going to a party. And at the party, the ball is their girlfriend. So you do not allow the other guy to take your girlfriend and dance with her. You must keep her."

Yet, and inevitably, there were

When the team plays at home or abroad, Kingston's choking traffic deserts the streets

times, albeit few, when the continued employment of Simoes was questioned. After getting to the top of their zone by defeating Mexico in the preliminary rounds of the qualification, the Jamaican side soon found itself at the bottom of the table in the final round.

Draws at home against the US and away to Canada, in matches in which they outplayed their opponents, a 3-1 defeat by Costa Rica and a 6-0 thrashing by Mexico, led to pressure on the Brazilian. Many questioned his methods.

He was seemingly undeterred, encouraged by a win over Carlos Valderrama's Colombia. But he also got some help. Jamaica was a team that could consistently get the ball into the opponents' penalty area and just as consistently fail to score. To find a solution, Simoes and the Jamaica Football Federation got out their genealogical charts and searched for talent.

Playing in England they found Fitzroy Simpson and Paul Hall at Portsmouth, Robbie Earle at

Wimbledon and Dean Burton at Derby County. The goals came. Now, for Jamaicans, Simoes is a hero. "Rene Simoes for prime minister," screamed one banner in Kingston's stadium after the team drew with Mexico to qualify. This gives some indication of who is considered

really important in Jamaica as its general election approaches.

Aware that politicians might be tempted to jump on the bandwagon once Jamaica qualified for France, Simoes was quick to warn them off. "The Reggae Boyz will not accept anyone using our programme for their political intentions. This is a national programme. It is for everybody."

The request was ignored by Percival Patterson, the prime minister. "We are going to France," he boasted at a party political rally a few minutes before announcing the date for the general election.

Simoes, 44, had 20 years' coaching experience before trying to lock Jamaica's wayward talents into shape. He coached Brazil's under-20 team, and had stints with clubs in the Middle East.

International exposure for Jamaica's team was important to his programme. "The players now have so many stamps in their passports. They have been to 23 countries as part of the programme. We have been three times in South America, going to Brazil in 1995 and 1996, and this year to Argentina."

Getting the Reggae Boyz to France is a great achievement, but can the team realistically expect more than a token appearance next summer? "My first job was to get the team to France. Now I will prepare them mentally and physically to win the World Cup."

Jamaica's qualification has caused its Football Federation's telephone to work overtime. Many teams want to play. Jamaica and Jamaica wants to play England at Wembley next March. "This would be a home game for us," said one JFF official, hoping to count on support from Britons of West Indian ancestry.

A match which Simoes and Jamaican fans also want is

against Italy. They were angered by statements made by Cesare Maldini, Italy's coach, after England forced the Italians into a play-off with Russia for a place in France.

Maldini suggested that the quality of the World Cup was being diluted when teams such as Jamaica were qualifying while Italy had to struggle.

Play us in Italy or in Jamaica,

Simoes invited the Italians.

Calls have also been coming in from players with Jamaican connections, most who play with clubs in England and Scotland, who want to join Burton, Simpson, Hall and Earle.

On the way to the World Cup draw, Simoes and JFF officials stopped in Britain this week to look at players who qualify to play for Jamaica, and who had

provided the JFF with a flood of biographical material, including video tapes.

"We have looked at some, but we are not inviting any to join the squad," he says. "They might be invited to train with us so we can look at them and decide if we want them."

He is understandably cautious about the number of foreign-based players who are

drafted in. Already, voices of concern are being raised in Jamaica about an imbalance between foreign and home-based players.

There have also been calls from countries and clubs who want to recruit Rene. Simoes. Will he stay with the Reggae Boyz after France? "I cannot tell the future. Only God can."



Road Test

A quart in a pint pot

Stuart Marshall looks at a tiny but lofty people-mover that was a hit in Japan

It was a safe bet that the ever ingenious Japanese would be the first to find a way of putting an automotive quart into a pint pot.

In that overcrowded country, space – especially urban space – is always at a premium. Logic dictated that if there was no room for large cars, small ones must be made larger inside.

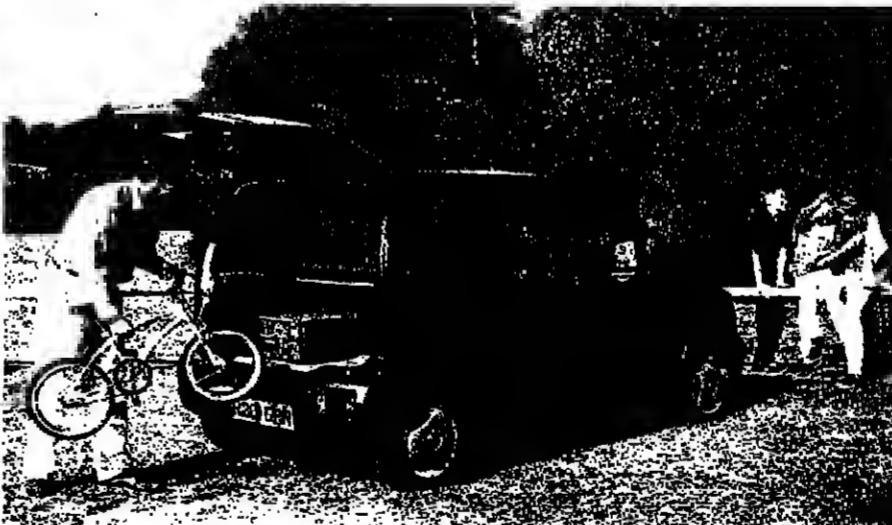
Enter the Suzuki Wagon R. This tiny but lofty minipeople mover was an instant hit in Japan, where there was a special tax class for microcars less than 3.8m/ft long and 1.4m/4ft 8in wide, with engines of under 600cc.

More than 600,000 Wagon Rs have been sold. But it was reckoned to be a touch too small and underpowered to find buyers elsewhere.

Europe's cities are becoming just as overcrowded as Japan's, with urban roads in rush hour verging on gridlock. Awareness of the virtues of cheap, very-small-side, very-big-inside cars is growing year on year.

So far, European manufacturers have fought shy of producing anything like the Wagon R or the very similar Daihatsu Move (this column March 29), which has been on sale in the UK for several months. Suzuki forced to follow Daihatsu's example and have a go with a Wagon R redesigned to meet European requirements.

The Wagon R-plus is 5in/10cm longer and 7in/17.5cm wider than the Japan-only Wagon R, but that still



Suzuki Wagon R-plus GL: as big inside as it is small outside – and surprisingly enjoyable to drive

makes it shorter and narrower than a Ford KA or Rover 100 (née Metro). Yet, when you sit in it as driver or front or rear seat passenger, the Wagon R-plus seems ridiculously roomy; more like a large conventional estate than a car that has so small a footprint it occupies only half the area of the average parking bay.

Like the Americans, forced into building skyscrapers in New York 100 years ago, Suzuki greets its Wagon R-plus upwards. At 1.7m/5ft 7in high, it towers above normal cars. This brings various benefits. You sit up in the seats rather than slouch down and see out easily through large windows.

Headroom is virtually unlimited and, if you have forgotten where you parked it at the supermarket, it can easily be seen, sticking up high among the Shoguns and Discoveries.

When I lived with a Wagon R-plus for a week, its bizarre appearance (by normal car standards) mattered less as each day went by. Its 1-litre, four-cylinder engine spun quietly and willingly enough for me to listen to the radio as I drove along the motorway.

Acceleration through the gears was adequate, if hardly neck-jerking, and the gearshift was finger light. Its muscular handiness in town was matched by nimbleness in narrow lanes.

It rode better than I had expected because of its long wheelbase. In a runabout role, without a lot of fast, open-road driving, fuel consumption should be no more than 45mpg (1/1,000km). The seating position is slightly higher than in a normal small car, so forward vision is exceptionally good.

In combination, they help make the Wagon R-plus feel bigger than it really is. When you turn your head, you are surprised to see the rear window seemingly within fingertip reach.

It goes without saying that the Wagon R-plus is parkability personified. Aided by van-sized exterior mirrors, reversing up unfamiliar drives could not be easier. Two full-sized adults sit com-

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GARDENING

Let others do half the work

Chrysanthemums are not as much trouble as you might have expected, says Robin Lane Fox

I'm glad to say that we can once again call chrysanthemums chrysanthemums. The botanical powers have moderated their pedantry and have climbed down from their attempt to make us call the family Dendranthemum. Public outcry was such that the truce was announced in the autumn. Chrysanthemums are, therefore, correct and we can continue as if nothing had happened.

In cooking, conversation and gardening, ours is the age of the short cut which allows us to bluff and catch up with the experts without the accompanying expertise. Rooted chrysanthemum cuttings are the pre-made pastry of the 1990s. There is no need to store the skeletons of old plants in cold frames all winter or to worry too much about digging out the root stocks before the frost.

If you want to join the party in late spring, specialist nurseries will help. Half

the chore has been taken out of chrysanthemums, just as it is taken out of all those bedding plants which we buy in May from other people's plastic tunnels.

Early next year you can apply to specialist firms for a specialised list of cuttings for spring delivery. Riley's, at Alfreton Nurseries, Woolly Moor, Derbyshire, has the widest list. Halls of Heddon, Heddon on the Wall, Newcastle upon Tyne, Northumberland, also supplies an excellent range of dahlias from cuttings; you can order both at once. The chrysanthemum cuttings are very cheap, averaging 85p each, and if ordered in February, you will receive them ready-rooted in mid-April, whereupon you can pot them up in any good compost.

Though they will survive a very slight frost, on arrival they should go into a cool greenhouse or conservatory. It is great fun watching their single stems grow away, but the healthy green leaves are

irresistible to greenfly and leaf miners. Spray them with Tumblebug as a precaution until they can go out during the week after May 15.

This year I left my mail-order plants indoors for slightly too long and found they were already becoming too tall by late May. They were then planted out in the ground, into which I had forked a dressing of fish, blood and bone. The experts recommend Eclipse Semi-Organic Fertiliser at 5oz to the square yard, 10 days before planting out, and next year I will follow their advice.

After planting, the single stems need to be stopped.

This merely involves the removal of the growing tip on the stem, about the upper half inch of growth. It is essential because it induces your plant to throw out side shoots from its pairs of leaves, each of which will flower in turn.

In the north of England, May 10 is a good general date for this pleasant task,

whereas the south can wait until a fortnight later.

The choice of varieties from Riley's and Halls is enormous, but I returned to the family this year through the smaller-flowered varieties which will flower outdoors through September and October, with a few plants as a prelude in August. All the Pennine range were outstandingly good, from the large Pennine Snow with white reflexed flowers to Pennine Wine which was a wine-red, flowering early in sprays.

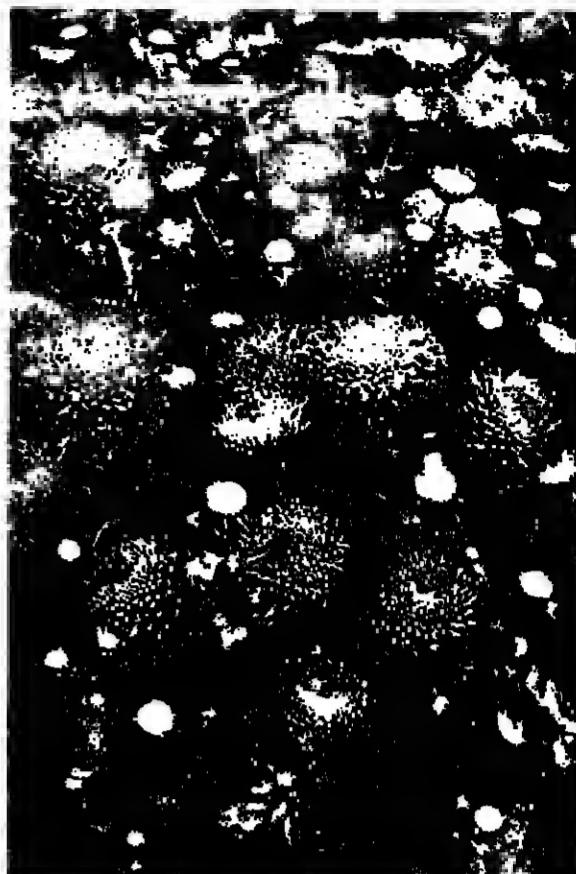
The catalogues guide you to the bards' varieties which do not need to be potted and carted indoors for November displays. My choice meant that my season ended with the serious frosts in late October, but it also meant that it began, to my surprise, in late July.

I found myself picking the first flowers on the Pamela range from Halls of Heddon

as early as late July. Golden Pamela is a winner, as is Pamela and any others of her children whom you encounter. The flowers are slightly unerring when you see them so early on bushes among dwarf French beans, but they are wonderful when cut and taken promptly indoors.

The plants did not like the dry summer, but they received almost no attention apart from a helpful spraying with liquid Prosthovent until colour began to show in their buds. I gained unmerited credit for having grown a crop worthy of exhibiting. I felt a glow at standing on equal terms with yesterday's working men's horticultural clubs.

So warm was the glow that I nearly forgot to cut the plants down to a few inches of stem and lift them all, shaking off the earth and reducing them to those old rootstocks, which the working men's pamphlets still call "stools".



Chrysanthemum Pennine Wine: pick off the growing stem to produce masses of flowering side shoots
London Picture Library

I like these short cuts, by which we buy into experts' crops at a convenient stage when they have done the storage and the early work.

Life is ever busier and, as in the kitchen, so in the flower bed, it is fun to join the process halfway through, if necessary starting each year afresh without feeling guilty if last year's stocks somehow fail to make it unscathed through the winter. At 85p a plant, chrysanth will not exactly break the bank and they no longer need to break our backs if we choose and time our efforts carefully.

■ Leslie Thomson writes: *The Bonsai Survival Manual* (by Colin Lewis, Cassell, £29.99 hb; £12.99 pb) is a handsome book for a coffee table. Closer inspection reveals that it is also a readable and detailed textbook on every aspect of bonsai care, highly practical and free from metaphysical jargon. The results to be aimed for, where to buy, training and care are all fully covered. A wide selection of species is beautifully illustrated. Indeed, the lovely little trees shown should go far towards convincing doubters that no cruelty is involved.

The author assumes that the bonsai will be bought from commercial sources, but a note on the satisfaction of collecting and training wild seedlings would be welcome.

■ Similarly mimetic is the BBC Gardeners' World series of "Pocket Plants" books. At 36p a title, and delightfully thin, they are nevertheless useful sources of inspiration. Written by Andi Clevely, subjects covered are *Plants for Shade, Fuchsias, Shrub Roses, Herbs, House Plants and Winter Colour*, £1.99 each.

Book Reviews

Shepherd of the garden's ecosystem

What is a "magical" plant? Michael Jordan tells a graphic story of one conundrum from wartime London. During the blitz many big lumber stacks had to be covered with tarpaulin because they were glowing brightly with, it was believed, a luminous fungus. In fact, Jordan points out, the glow was probably as much the result of contamination from German phosphorus bombs.

But it isn't often that he gives his stories such illuminating social background. *Plants of Mystery and Magic* is mostly an indiscriminate catalogue of the legends and beliefs that have attached to some 60-odd chiefly native plants over the past 2,000 years; stinging nettles brought to Britain by the Romans for invigorating self-flagellation, the power of fern spores to divine treasure; holly trees used as lightning conductors. Intriguing stuff – except the author makes no effort to provide sources, explanations, historical contexts nor, maddeningly, to differentiate between bearsey from solid anthropology.

As a consequence, a recipe for

heather beer is put on the same footing as a piece of etymological nonsense about the word heather being derived from "heathen" by Christian missionaries.

I fear this book may have been put together in a popular modern botanical ritual: making random *pot-pourris* of snippets – a bit of Fliny, a few Anglo-Saxon spells, and plenty from Elizabethan herbals and Victorian vicars' highly censored floras.

Another route to the magic of plants (which Jordan does touch on in his introduction) is to explore the common ground between humans and plants, what we share in terms of growth, unpredictability, ingenuity, seasonal and territorial sensitivity.

In that sense, Geoffrey Dutton is a shaman who has conjured his nine acres of wild Scottish hillside into a philosophical plot which debates the difference between wildness and cultivation.

Heather beer is put on the same footing as a piece of etymological nonsense about the word heather being derived from "heathen" by Christian missionaries.

The key idea that shapes everything he does is marginality. His estate of gorges, wild water, caves, forest, moorland and shattered rock marooned in an extreme climate is about as topographically marginal as it is possible to be. So is Dutton's gardening style, which by choice and necessity is "inobtrusive: a guiding of the latent design, a prolonged consultation with the genius of the place".

Much of the time he works like a woodland creature himself, nudging sticks and stones and tufts of anemones about, ruffling moss, mowing small glades as if he were a grazing deer. Then, fully aware of the philosophical paradox of creating a wild garden, clips evergreens as furiously as any topiary.

The book is arranged as a

series of seasonal chapters (seven sub-seasons as it happens), and his array of plants is so stupendous that you need some stamina for the tour. But the catalogue notes are electrifying, as vivid and renewing in their vision and

allowing their [fortunately dis-

sected] encumbrances all over the vicinity... until one year the creature gathers all, takes a deep breath, and launches upward."

Dutton is best on these big, structural features that link the garden with the wild land outside, and therefore good on the stark architecture of winter. He likens walking among his leafless, olive-trunked ash and aspens to "visiting a stable" – as those haunches to be slapped as you walk down the line".

Then one morning the cold eases, and he celebrates the thaw as if it were a kind of watery flowering. "Plants stretch audibly, the taller junipers sighing, pushing back their coffin lids, shaking free their clots of cold jelly... pines emerge sheepishly stiff with cramp, needles jammed together, as if pulled out of bed without warning".

Dutton's garden aesthetic is in

the end about process (or "incident" as he calls it) rather than purely static forms. This is how (to his own satisfaction, anyway) he reconciles *laissez faire* with autocratic attacks with spray and trap on any insect and animal that disrupts his vision.

He is a kind of monkish beaver, part of the garden ecosystem, and determined to defend it: "Plants in this kind of garden, like the ewes beyond the fence, know their own hill best and you are very much a shepherd, to help them here and there but never to drive them overmuch".

■ *Plants of Mystery and Magic* by Michael Jordan, Blondfin, £12.99. *Some Branch Against the Sky, the Practice and Principles of Marginal Gardening* by Geoffrey Dutton, David and Charles, £19.99, £16.99.

Richard Mabey

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PROPERTY

The Royal Westmoreland golf course and residential scheme in Barbados, which opened three years ago this month, is the biggest advance for two generations in the island's history as a luxury resort.

The first developments came before and after the second world war with a few British-built sybaritic villas on the poor land by the lovely west coast (where the slaves working the sugar plantations lived after emancipation in 1834).

Thus, they brought Barbados's gold coast into being. Among these 20th century settlers, who were mostly escaping punitive UK income tax, was Sir Ronald Tree who turned a property called Sandy Lane, straddling the Bridgetown to Speightstown coast road, into a famous beach hotel, golf course and villas.

The Barbados high season starts in December. It is not cheap. Concorde flies there in the winter for its only scheduled destination outside New York – sometimes you see three on the ground at Barbados airport. And rents for a villa rise to \$7,000 a night, including service but not food and drink (which are also expensive, except for local produce and fish).

But Barbados is worth the cost. It is a beautiful island, with bright beaches of coral sand fringed by palms and mahogany trees. The sea is limpid, while the fresh water filters naturally through the island's coralstone, and is delicious to drink.

A north-south ridge runs down the island, separating the Atlantic side, with its cooling easterly trade winds, from the warm Caribbean gold coast side, where the sea is calmer.

It is a blessed life. The Bajans (Barbadians) love cricket – the coming Test match at the Bridgetown Oval sold out long ago. Their children turn out smartly for school and church and crime is low. Anglicans predominate. "It is a God-fearing place," I was told several times. Medicine is good, and literacy high. Bajans in the UK now send their children back to Barbados for school.

It is easy to see why Barbados appeals to British owners. Even so, many go



Royal Westmoreland heads for the hills: what was once sugar land is now one of the world's most handsome golf courses

Planters' luxury punch

Gerald Cadogan recalls the history of resorts on the island of Barbados

there on holiday for years before they decide to buy, says Graeme Grant, of Royal Westmoreland (RW).

Buyers face one big difficulty. On the west coast, few houses are for sale and there is hardly a plot to be had. Martyn Arrib, founder of Perpetual fund managers, has resolved the problem by buying and knocking down three houses to make a decent-sized home in Barbados, at a cost of millions of dollars. Rumours fly just how many.

The alternative is to go inland and uphill as the RW scheme has wisely done. It has 490 rolling acres that used to be sugar land and are now one of the world's most handsome golf courses.

Houses with a view across the course down to the sea are much sought-after. And being high means you catch the cooling trade winds, as the 17th century British settlers realised when they set their plantation houses up in the hills. RW has been excel-

lent for the whole Barbados market, says John Kidd owner of Holders, an old plantation house (on Realtors' list of properties for sale, with a guide price of \$5m), and creator of the Holders Festival, at which steel bands play together with symphony orchestras.

The RW houses are well designed in cool white, grey and light brown, to contrast with the brilliantly colourful tropical plants. Ceilings are high with fans; air conditioning is only in bedrooms. The scheme is smart, quiet and relaxing, and the houses are placed sensibly on the upper part of the estate.

Demand for larger lots from the British Isles and Canada, and some locals, means that the original tally of houses has been cut from 320 to 280.

"Our owners like it so much that once they have tasted life at RW they are upgrading to larger houses," says Julian Rooney of RW. "The average price is now \$1m." Properties start at \$560,000 and go up to \$5m or more. All prices are in US

dollars and are exempt from the usual 10 per cent tax that property buyers in Barbados have to pay.

RW handles resales and also lettings, which allow tenants to use club facilities and play golf at members' guest rates, and enjoy the full-length pools.

North of RW is Port St Charles, another important scheme as it is Barbados's first marina. For those who want to be on the water, it has 125 units. Here, too, buyers benefit from the tax exemption and do not have to pay duty on their boat.

Prices vary from \$400,000 to \$1.8m (through Port St Charles or Harry Manning, or, in the UK, Humberts). Buyers come from Britain, Canada and Switzerland, and two from the US.

RW, however, has no US buyers as yet.

Away from these two developments, houses are for sale at the Sandy Lane golf course, including Half Moon House from AAA (\$3.85m), and Hathershaw, from 1647, at \$675,000.

Can the good times last? Or will there be controls on foreign ownership?

RW shows that the shoreline is not the only smart place to be, and its big investment in Barbados creates confidence – and jobs.

This gives the background to plans to revitalise nearby Sandy Lane, now owned by an Irish group, which will rebuild the hotel, revamp

and Tialta from Harry Manning (\$2m).

Among Bajan "great houses" (plantation houses)

AAA and Realtors list the Bulkeley, dating from 1635, at \$2m, and AAA lists Oughterson, at \$425,000 (plus \$175,000 for the furniture and \$150,000 for its zoo animals)

and Hathershaw, from 1647, at \$675,000.

Can the good times last?

Or will the Barbados government one day introduce controls on foreign ownership, as happened in the Channel Islands? "If it does," says Kidd, "the value of all existing foreign properties will go yet higher." If you are thinking of buying, buy soon is the implication.

In Barbados (Code 001-246): Alleyne, Aguilar & Altman, 432-0340; Harry Manning, 424-2661; Port St Charles, 422-1800; Realtors, 432-6930; Royal Westmoreland, 422-4653 (and in London, 0171-355 5028); in London: Humberts, 0171-629 0992.

On the Move / Anne Spackman The 'reduced' signs go up

The word "reduced" is starting to appear on property adverts in London and the south-east, as over-optimistic sellers adjust to the market mood.

The "reduced" signs do not mean that property prices are falling: simply that sellers who had anticipated an extra 10 or 15 per cent increase in value since the summer, have been disappointed.

Similarly, some agents selling new developments in London have been told to cut asking prices to this spring's levels. Developers had been increasing prices by a few thousand pounds a week when the market was at its most bullish.

After the huge price increases in the south-east during the last 18 months, the property market across the country is showing signs of levelling out. In the latest monthly report by the Royal Institution of Chartered Surveyors, 60 per cent of agents nationally reported that prices were stable.

A summer of strong sales has emptied many agents' cupboards. Where prices have risen strongly, more houses are coming up for sale, but elsewhere, instructions are at record low levels.

Fewer buyers mean this has not resulted in strong price rises.

The exception is for the best quality properties. A good house in a good location will still sell fast, for a high price, with stiff competition among buyers. The polarisation of the market between the best and the rest looks set to continue.

David Furzedale of Stags in Exeter summed up the mood: "In comparison to the hectic first and second quarters of 1997, the last three months have seen a swing in the balance between supply and demand with more houses coming to the market and less competition between buyers, for all but the best houses. The number of houses sold is broadly the

same but buyers are more price conscious."

Communal life

When Oliver and Rosie Wates and a group of friends bought a cluster of run-down properties in Limehouse in Docklands in 1978, they were only marginally more comfortable than the squat they left behind. The main house had originally been a training hostel for sea cadets, then later used as offices.

The legacy was a swimming pool in the basement, shallow enough for cadets to stand up in.

With Limehouse still a pioneering destination, they paid £22,000 for two houses, a garden and a chapel. "People behaved as though



Friendly homes 4a Newell St

we had moved to the Amazon basin," recalls Rosie.

The group of friends transferred their communal lifestyle, as far as property law allowed, sharing the freehold of the entire scheme, the pool and the garden. The property itself was divided into six homes, of different shapes and sizes.

Limehouse is a major Docklands residential area, with new blocks of flats going up all along the river. The Wates' home offers the large spaces which Docklands buyers so often want and cannot find, but in a Georgian building, rather than a converted warehouse.

Their stylish two floors are arranged as an enormous kitchen/family/dining area, two bedrooms and a reception room. The flat is for sale through Knight Frank's Docklands office (0171-480 6848) for £295,000.

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TRAVEL

Finding courage in the wilderness

Nicholas Woodsworth returns to Canada, land of his birth, to see if he can cut the mustard as an intrepid adventurer in the great outdoors. In the first of three articles, he visits Saguenay Fiord

From an old wooden aircraft hanger on the edge of a frost-heaved highway, Etienne Gallant looks left and right for on-coming traffic. Then he taxis our little Cessna across the road and on to an air-strip hacked from the Canadian forest. Gallant, God willing, is about to show me the Saguenay Fiord from the air.

Gallant is a cheerful French-Canadian bush-pilot, and shows no concern at all about hurling himself daily into the skies over the boundless evergreen forests of the north. I am the other hand, am an angst-filled, earth-bound suburbanite. Just once a year I dare myself to climb to tree-top level to decorate my living-room Christmas tree, and even then it is a nerve-racking ascent.

But it is too late for second thoughts now. The engine

Gouged from the rock by the pressure of a glacier, it is a child of the Ice Age

roars, the aluminium frame of the little aircraft shakes and rattles, and the painted stripes marking the edge of the air-field begin rushing past. The ground falls away, and we are in the air.

First, there is the village of Grande-Bergeronnes, its church steeple protruding above everything else. Then there is the highway, tiny cars shuttling along a narrow band of grey far below. And then there is nothing at all, save the great, rolling green sea of trees that stretches away to the Arctic.

Then, 15 minutes later, the Saguenay Fiord suddenly opens up beneath us, it is a surprise. All of 65 miles long, a mile wide and 900ft deep in places, it is too large to have come here by chance. Yet its plunging cliff-sides of bare rock, its deep blue waters, its sinuous, winding course are so dramatically different from the uniformity of the surrounding bush it all seems an accident of geography.

But the Saguenay is no product of happenstance. As we bank heart-stoppingly left and right, following its twists and turns 1,500ft below us, Gallant describes the fiord's birth to me over crackling headphones.

Gouged from the living rock by the pressure of a vast and slowly advancing

one morning, securely

Yoof culture

New York City is younger than you think. It was not until January 1 1886 that 40 local governments were consolidated to create the modern city, which will thus be celebrating its centenary next year.

For a town which is a monument to modernism, it has managed to preserve its heritage remarkably well.

There are more than 21,000 protected "landmark" buildings - all the ones you can think of, along with the interior of Gage and Tolner, a Brooklyn restaurant still lit by 1880s gas lights, as well as Brooklyn Bridge, Central Park and the colonial street plan of lower Manhattan.

It can be tricky being a landmark.

When the luxury Pierre Hotel on 61st St recently replaced its copper roof, which had turned green with age and sprung leaks, there was pressure for the bright new replacement to be coloured green as well. (The pressure was resisted, and the new roof is ageing naturally.)

Visitors who want to check out New York architecture should try the Municipal Art Society on 457 Madison Ave (at 51st St; call +1 212 535 3800), which offers

walking tours stressing preservation and urban design and planning.

To look at the social history of the city, do not miss the Museum of the City of New York at 1220 5th Ave (by 104th St), a collection of paintings and photos, furniture, clothing, memorabilia and knick-knacks going back to the town's days as New Amsterdam.

Many of them are recorded in Our Town (Abrams, £29.95), newly published for the museum's own 75th birthday, along with reminiscences of childhood in the city and sturdy defences of its reputation against upstart Los Angeles.

But the best 100th birthday present of all is the least expected, and one every visitor can share. After a massive revitalisation of the once seedy Times Square area and the instigation of a widely publicised "zero tolerance" police programme against petty crime, New York is now ranked as the safest of the big US cities.

For tourist information, try the New York Convention and Visitors Bureau at 2 Columbus Circle, or call +1 212 535 3800, which offers

John Westbrooke



Saguenay River: gouged from the living rock by the pressure of a vast and slowly advancing glacier, the Saguenay is a child of the last Ice Age

ensconced on the *terra firma* of the estuary's banks, I spy a man poling his way up the Sainte Marguerite River in a cedar-strip canoe. He tells me he is after sea-trout, the species which lives in the ocean but swims up the river of its birth to spawn.

Salmon, I know, do the same. Are there salmon around here, too, I ask him in answer, he only laughs, points upstream, and holds his hands in front of him about six apart.

It sounds like a fisherman's tale. But in the afternoon I find myself sitting open-mouthed by the Sainte Marguerite in the little fishing resort of Bardsville. For, taking its leisure in a bit of shade, is a monstrous Atlantic salmon.

It weighs at least 30lb. Marie-Claude Landry tells me. Landry is that rarest of things, a female trout-fishing guide. Like all women in traditionally male domains, she is extremely good at her job.

She has to be, for she has me, a rank newcomer to the

sophisticated art of fly-fishing, as her client. For an hour we talk wet salmon flies, dry salmon flies and salmon psychology.

Far from any water, she has me practise again the cast that looks so easy and graceful when performed by experts. Finally, with waders on my legs, a bright yellow fly on my line and my heart in my mouth, I take to the river.

I end the day, of course, fishless. I catch empty air, the branches of the tree

behind me, submerged logs, everything but a monstrous Atlantic salmon. Despite Landry's encouragement that fly-fishing is sport one grows slowly into, I remove myself from the river feeling something of a failure.

It does not last long. At sunset, I am still on the river at Les Chutes Blanches, the White Falls. Here, at the bottom of a thundering 40ft high cataract, I sit watching big book-nosed salmon rocket 10, 12, even 15ft into the air, only to come crashing

downwards with the force of the stream. It is breathtaking, noble and nearly hopeless.

I feel like a Canadian Robert the Bruce. I have not been a very intrepid fiord adventurer, in the air, I am a blanche-faced flyer. In the water, I am a fearful boater. Even on solid land, I am a failed fisherman.

But these silver, soaring salmon give me courage. If they can take on the Saguenay's challenges despite the odds, then so, too, can I - in fact, it has all been fun.

I take heart, and decide to trek the hiking path that follows the fiord's rim. Humming a little tune, I make my way back to Anse-de-Roche with something of a north woodsman's swagger in my stride.

■ Information on the Saguenay Fiord may be obtained from *Tourisme Côte Nord, 197 Des Pionniers, Tadoussac, Quebec G0T 2AO*. Tel: 00 1 418 235 4744, fax 418 235 4951.

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TRAVEL

Where ospreys hunt and insects bite

Nicholas Woodsworth undergoes a transformation when he explores Algonquin Provincial Park

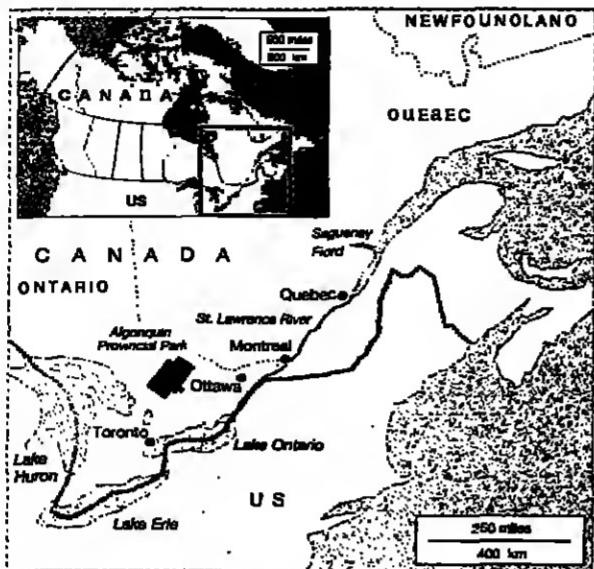
Nine months of snow and three months of hard sledging - the old backwoods saying that sums up the Canadian year may exaggerate a little, but basically has it right. Ask anyone from Vancouver Island to Saint John's, Newfoundland. It is not always easy being a Canadian.

I gave up after only the feeblest of struggles, and two decades ago abandoned the frigid winters of Canada for the balmy climes of Provence. Since then I have looked back on the land of the beaver, the caribou, and the numbered extremes with scant regret. What a right-minded Canadian, discovering a place where wine is cheaper than anti-freeze, would do otherwise?

But blood. It seems, is thicker than water, wine, or anti-freeze, and will out; like a duck wintering in some warm-water refuge, I have each spring-time in recent years felt a deep internal stirring, a growing need to take wing and return once again to the great Canadian northland.

It was an irrational urge. I fought against it. But in the end recessive Canadian genes, abetted by the outdoor enthusiasms of Jany and Simon, my French wife and son, proved irresistible. Finally, last spring, I found myself preparing an extended canoeing expedition into the deepest bush of central Ontario. You can take a Canadian out of the woods, runs that other old saying, but you cannot take the woods out of a Canadian.

And so it was one summer morning that we three stood in the supply shop of Algonquin Outfitters, in the heart of Algonquin Provincial Park, confronted by a mountain of outdoor gear. There



were camp stoves and wood stoves, sleeping bags, tents and inflatables, mattresses, tents and lamps and cooking pots and fishing rods and bags of freeze-dried food. How on earth, we wondered, would we pack it all away in a canoe?

"It's not so much a question of how the canoe will carry the load, as how you will carry the load - and the canoe as well - on your portages," said Erica. "Don't forget, you've chosen a route with 14 of them."

Erica, like all the staff at Algonquin Outfitters, is tall and strong and blond and dauntless. A Canadian Amazon, she thinks nothing of bearing a pack on her back, a canoe on her head, and heading out alone into the wilderness.

"I did the Big Crow-Lavieille-Dickson Lake Loop by myself in three days," she said matter-of-factly as she helped us pack the gear into vast rucksacks. "And that was paddling against strong headwinds. You've got five days to do it, and a super-

Five hours and the first

three portages later, my suspicions were confirmed.

There is nothing like carrying an 18½ ft canoe on your back for confirming suspicions. My back ached from the weight of the canoe and the pack. My arms were sore from paddling. In spite of having slumped on Deet - a repellent so potent it burns holes through tents and melts watch-faces - my legs were covered with mosquito and deerfly bites.

Now was that all. The tent at our campsite on Proulx Lake looked like something assembled from coat-hangers and jute-sacks. Outside in the gathering night a storm was flaying the lake with thunder, sweeping rain, and brilliant bolts of megawatt

lightning. Our cooking fire was doused, our dinner steaks raw and uneaten. Our food pack, supposed to be hanging high from a tree branch well out of the reach of bears, swung on a rope a miserable aft of the ground - either it was too heavy, or it was too lightweight, to hoist it higher.

I feared it was the latter.

Jany and Simon spent a hair-raising night wondering whether it was better to be zapped by a bolt of lightning, torn asunder by an irate bear, or merely expire from water saturation in a puddle on the floor of a tent. My own worries, though, were more metaphysical.

Had I spent too long in the decadent and morally sapping climate of the south of France, I wondered? Did I still have enough of the right Canadian stuff - spruce gum, maple syrup, bug repellent, Molson Export ale and the like - coursing through my veins? Could I do what Erica did and come out smiling?

After the evening's deb-



Plenty of room to lose two men in a boat! Algonquin Park has 8,000 sq km of bush, 2,000 lakes and 2,400 km of canoe routes.

acle, I had serious doubts.

Towards the end of the second day, though, two things happened that caused our paddie-through-purgatory to undergo a strange and rather wonderful transformation.

The first took place on the

How to avoid bugs. Where to find firewood. How to carry a canoe

river that wanders between Big Crow Lake and Lake Lavieille. Surveyed by two large turkey vultures which had, perhaps, sensed our imminent demise, I was hauling the canoe out of the water for the fifth portage of the day. Miles from civilisation and, we thought, the nearest human being, we ran across a party of Ottawa civil servants.

The second occurrence, an unfolding process rather than an event, involved simply calming down and opening our eyes. The Canadian wilderness is magnificient. Algonquin Park, 8,000 square km of bush, contains

No-one figures an office full of Treasury number-crunchers as virile, outdoor he-men and, in fact, there was not a rippling muscle, not a Hemingway squint-in-the-sun pose in sight. But nonetheless they were more than equal to the task.

Here were ordinary, city-dwellers who had swapped briefcases for paddles, and were enjoying it tremendously.

There were a few simple little tricks, shown to us, that made all the difference to life in the backwoods. What to wear. How to avoid bugs. Where to find firewood. How to carry a canoe comfortably. What to bring and, above all, what not to bring. Listening, I felt renewed. If bureaucrats could have fun, I determined, then so could we.

The second occurrence, an unfolding process rather than an event, involved simply calming down and opening our eyes. The Canadian wilderness is magnificent. Algonquin Park, 8,000 square km of bush, contains

2,000 lakes and 2,400 km of canoe routes. It is also a repository of all those natural elements - rock and water, plants and animals, that make up the great northern outdoors. It is quintessential Canada, and worth the effort of discovery.

That same afternoon, meandering along the Crow River, we came across a moose and a young calf plunged chest-deep in the water, indolently enjoying a meal of lily pads. We watched pike dart through clear, shallow water, osprey drop like stones from the sky on unsuspecting fish, beavers forging a broad V across the surface of a still pond. Only gradually do human rhythms drop away to reveal something slower and larger in the world outside, and something deeper in all.

A few more canoe trips, and we might make acceptable Canadians after all.

■ *Algonquin Outfitters wilderness canoe holiday packages may be arranged in UK through North American Highways, tel: 01902-851138. Information, maps and brochures on holidays in Ontario are available from Ontario Tourism, PO Box 157, Marden, Tonbridge, Kent, TN12 9XL, tel: 0891-715000.*

The mightiest catch of the day

In Algonquin's lakes, great fish stalk the depths. Nicholas Woodsworth goes after them

There is nothing wrong with a little self-indulgent pampering. Even in the bracing Canadian northwoods, laziness is a legitimate summer holiday pursuit.

So when I arrived at the Arowhon Pines resort it was with the intention of being very lazy indeed. Then I ate a dinner prepared by executive-chef Helen Kates, and she spoiled the whole thing.

The trouble was that everything served in the big

log-built dining room overlooking the shores of Joe Lake was natural, seasonal and absolutely fresh.

In a large garden behind the kitchen Ms Kates grows her own ginger, herbs and vegetables. She makes her own chutneys, mayonnaise, yoghurts, cereals, and pâtés.

I did not have time to grow my own ginger, but

she bakes her own breads, pies, pastries and desserts.

It was all outstandingly good. And immediately it gave me the urge, too, to go off in pursuit of something natural, seasonal, and absolutely fresh.

I did not have time to

explore the area around the lake, but I did have time to

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FOOD AND DRINK

Dramatic, tense and nerry, sinewy, suave and Red

Jancis Robinson's two-part list of seasonal wine recommendations starts this week – watch out for burgundies that won't break the bank

Méoc which tastes like Chilean Cabernets, Chilean Cabernets which seem to come from the Napa Valley, and Syrahs aplenty to challenge the Rhône. The following is your guide in an increasingly confusing wine world.

Languedoc

Still source of some of the best wine value in the world; hand-crafted wines marked by passion and geography. See also any wine labelled Pic St Loup, virtually any Costières de Nîmes, and Gelston Castle's list (01856 503012).

Ch de Nages 1998 Costières de Nîmes, £24.95, Oddbins. Powerful US wine critic Robert Parker has discovered this underpriced bombshell from the western limits of the Rhône Valley, so stock up on this dense, characteristic red for drinking with hearty food over the next nine months.

Côteaux du Languedoc 1998 Vinam de Calcadiz, £4.95, ARA. This satisfying Pic St Loup oozes into every tastebud.

Cuvée Bronzinielle 1998 Dom St Martin de la Garrigue, £5.95, La Res. Excitingly concentrated yet gentle wine in which a long maceration has resulted in a wonderfully deep colour and bouncy southern fruit.

Ch Lanaye Grande Cuvée 1995 Pic St Loup, £7.99, larger Tesco, Fullers. Serve this blind and see if taken for a wine at twice the price. Masses of depth, geography and interest. Great to see a large supermarket stocking such a wine.

AROUND BORDEAUX

More difficult than ever to find single bottles of good, mature claret. Most of the wine available is the less-than-exciting produce of 1991-1994, so grab any 1990s (Majestic's mop-up of the Swedish monopoly cellars) has yielded some real bargains, rarely aristocratic but many have vaguely rustic charm) and drink lesser 1995s. Otherwise, try La Res or Reid Wines (0161 452645) or start to drink your long-cellarred 1982s now that prices seem to have peaked and you need either no longer about whether you can afford to. Many 1983s are also looking lovely.

Ch de Carles 1990 Fronsac, £5.99, Majestic. Lively refu-

The key to the wine cellar

ABA, Adam Bannister & Associates (0171-973 1002), C&B, Cowley & Barrow (0171-251 4051), Ch. Château, BBR, Berry Bros & Rudd (0171-366 9800), 0171-323588, Dom, Domaine, HHC, Haynes Hanson & Clark (01451-570000, 0171-259 0102), LAW, Lay & Wheeler (01208-784449), OFW, Oxford Fine Wine (HC: 0161-944 4400), OWL, Owl's Head (0171-423 7750), La Res, La Réserve London SW3 (0171-580 2020), Captain Cellars SHF (0171-673 5501), Heath Street Wine Co NW3 (0171-335 0349), Le Picardie NW2 (0171-402 8820), Sac-a-Vin SW9 (0171-382 6830).

from Stockholm.

Ch de Lisse 1990 St Emilion, £7.99, Majestic. Full, well-balanced and ripe, worthy successor to the 1989.

Ch de France 1995 Pessac Léognan, £9.95, Oddbins. A charmer, but not a heavy weight.

La Demoiselle de Sarcenois Mallet 1995, £10.75, Wine Rack, Bottoms Up. A sign of the times that this once-modest Cru Bourgeois can command such a price for the wine made from its offcuts – and that the wine itself tastes more like a top Chilean Cabernet than a Méoc. Not for traditionalists but those who want beef rather than subtlety.

Ch Royland 1994 St Emilion, £13.95, C&B. Classic St Emilion with real guts, for drinking over the next five years.

Moulin des Dames 1994 Bergerac, £13.95, Nicolas. Unusual availability for a wine with some bottle age. Lively and appetising.

Ch Roc de Cambes 1994 Cotes de Bourg, £15.25, C&B, £18.95 a dozen from Savage Selection (01451 860896) which offers a range of vintages. From the same dedicated winemaker as cult wine Terre Roteboeuf, very dramatic, ambitiously oaked evidence that even the outlying areas have their pockets of genius.

Ch Lanaye Grande Cuvée 1995 Pic St Loup, £7.99, larger Tesco, Fullers. Serve this blind and see if taken for a wine at twice the price. Masses of depth, geography and interest. Great to see a large supermarket stocking such a wine.

Chardonnay 1995 Fronsac, £5.99, Majestic. Lively refu-

producers.

Anjou Rouge 1996 Dom de Baumard, £6.95, La Res. Pungently inky nose, lovely satin texture, ultra-clean and sappy. Not big, certainly not oaky, but very racy and appetising. In less successful vintages than 1996, the fruit is made into Baumard's fascinating pale pink Crémant de Loire, a leafily refreshing fizz (£6.95 La Res).

BURGUNDY AND BEAUJOLAIS

Prices for the promising 1997s may have zoomed up at the Hospices but earlier vintages can provide really thrilling drinking, at prices which look rather good in comparison with red Bordeaux, and often surprisingly good compared with the New World's most celebrated Pinot Noir producers. Look especially for the charming, refreshing 1993s which can offer a real alternative to the blockbuster style sought by so many red wine producers elsewhere (Layton's has several Dujac grands crus at around £50 a bottle). Less ambitious 1995s are also lovely now. Consult EHM and Morris & Verdin (0171-357 8866).

Hauts Cotes de Beaune 1995 La Daignière, £6.49, Majestic. Quite oaky and substantial. Miles better than most previous vintages.

Hauts Cotes de Beaune 1995 Tête de Cuve, £6.99, Waitrose. The other side of the Burgundian coin: light, delicate, fragrant, savoury, restrained and not too tannic. Bravo!

Pernand Vergennes 1996 Jaffelin, £7.49, (£8.49 from 20/21 Majestic) Substantial. Lovely pure Pinot fruit with a hint of licorice and the structure to provide delicious drinking over the next couple of years.

Pernand Vergennes 1996 Chabaud-Chopin, £14.75, ARA. The son-in-law of Chopin-Groffier has fashioned something solid and reasonably opulent for the vintage.

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Nuits-St-Georges

FOOD AND DRINK

Na poleon described the British as a nation of shopkeepers. He might equally well have said a nation of cake-makers. For, although the British may not be the world's greatest cooks, they consider themselves to be cake-makers second to none.

The testime tradition lives on at weekends, and many who wave the Union flag still maintain that the gift of a shop-bought cake is the ultimate insult to a hostess, implying that she lacks the skills to bake her own.

British cakes are legion. Anglesey, Banbury, Cornish saffron, Dundee... I could run through the alphabet twice over at least listing the names of villages, towns, cities and regions that have given their names proudly to local cake creations.

Curiously, though, every last crumb of these individualistic offerings is swept from the table on festive occasions.

For Christmas, weddings and christenings, cooks countrywide unite in choosing to bake the same heavyweight fruit-and-nut-packed, brandy-soaked number, as black as thunder under a marzipan coat and cement-like outer casing of Royal icing. Or so it was until recently.

Habits are changing. The reign of the British Christmas cake seems to be waning and a taste for the European is growing. *Buchi de Noel* and *stollen* have slipped across the channel into the affections of many. But the real love affair is, of course, with Italy.

Panettone is embraced as wholeheartedly as pizza, pasta and risotto combined. What is more, we seem willing to accept that no aspirations are cast on our traditional cake-making prowess if we buy foreign cakes and sweetmeats rather than make them in our own kitchens. Blessed relief for the cook.

A little over a year ago, Marks and Spencer sent me samples of a recently introduced range of regionally inspired English cakes. I will be kind and cast a veil over my tasting notes.

I had doubts when I heard of the company's plans to launch an Italian collection this Christmas. But the earlier failures seem to have been taken seriously to heart and the lessons well learned. These are cakes and sweetmeats of quality.

M&S has been well served by its agents whose brief it was to find producers making traditional local recipes the time-honoured way, yet capable of producing sufficient volume to stock 100 stores, and prepared to invest in some changes necessary to meet British standards and specific M&S requirements.

Artisan cottage concerns, capable of supplying (maybe erratically) one independent delicatessen, are easier to find; so are industrial-scale factory operations designed



Panettone: Habits are changing. The reign of the British Christmas cake seems to be waning and a taste for the continental is growing

Anthony Blake Photo Library

Cookery

Let them eat (Italian) cake this Christmas

Move over pizza. Pass the panettone, says Philippa Davenport

to supply the mass market cheaply - with subsequent loss of authenticity in the products, of course.

The three producers selected - Fiore di Siena, Barbero di Alba and Bonifanti of Villafranca Piemonte, near Turin - are all small but growing family concerns, united by a shared passion for their craft and pride in their products. Their names are rightly displayed on the packaging.

The M&S logo is very dominant but to include the producer's name and a micro-history of each cake or sweetmeat is a welcome innovation - and a wise one given British consumers' growing interest in the provenance of the foods they buy.

The packaging is exuberantly Italianate and festive, all scarlet and gold, with traditional elaborate boxes for the panettone and intricate origami-style folded paper wrappers for the rest. Panettone, the classic

yeast cake of Milan, is so well known that a description seems superfluous but those made by Lorenzo Bonifanti are unusually good. He makes them in the squat dome shape that traditionalists prefer and raises them not with chemicals but with yeast lovingly nurtured by generations of his family down the years.

The result is a wonderfully tender crumbled cake, light, golden with butter and egg yolk, rich but not greasy, delicately scented with true vanilla (not flavouring), judiciously sprinkled with plump sultanas and candied

This is craft baking at its best.

In some stores the product is being promoted by a regal display of Bonifanti's 4kg size panettone, I hope M&S will stock these whoppers as well as the 750g and 500g sizes next Christmas to satisfy those who share my love of a sensational party centrepiece and who cannot get enough of a good thing.

Next to panettone, amaretti is probably Italy's best known sweet export to Britain, but the sort with which we are familiar is a modern invention, a dry and brittle biscuit best suited to crumbling and stuffing peaches or using in triflette puddings. Its nut content is low and some makers include more peanuts than almonds.

Alberto Barbero's amaretti soffici are a revelation. His

older, superior recipe produces more of a sweetmeat than a biscuit. These amaretti are softly moist and chewy and splendidly nutty with a 34 per cent almond content, mostly sweet almonds from southern Italy plus a few bitter ones from Turkey.

The nuts are top quality and admirably fresh-tasting due to storing in the shell, cracking open, blanching

Siena is renowned for its ancient and elaborate sweet specialities

and grinding only shortly before baking.

Also from Barbero di Alba comes a chocolate concail called taruffi, a sweet truffle for times when the fungal variety is out of the question for financial or seasonal reasons. Unlike the meltingly smooth ganache-type chocolate truffles we know best, these endearingly hand-shaped little nuggets are quite hard and flecked with chopped hazelnuts.

The Tonda Gentile variety for which Piedmont is justly famous. The ratio of nuts to chocolate is not enormous but the roast is high, like the roast of coffee beans for espresso, so the flavour is

much acid.

Mariposa Malbec 1996 Viñas de Tupungato, £7.99, Oddbins. Interesting Chile's first coolish climate Cabernet shows sine and ageing capacity. Hint of mint. Good backbone.

Valdivieso Reserve Cabernet Franc 1996, Fullers, Bibendum (0171 55777). Sturdy, interesting, should develop over the next two years.

Errazuriz Syrah Reserve 1996, £9.99, Fullers, selected Tesco and, eventually, Safeway and Oddbins. Very voluptuous and rich but with some structure. Rather reminiscent of Giffoni's first Spanish vintage of Syrah, it is nothing like Hermitage but extremely delicious.

Chile is now beginning to make some more serious stuff, however. Is the supermarket route it has chosen for distribution really the right place for them? See also California.

Errazuriz Cabernet Sauvignon Reserve 1995 Don Maximiano Estate Aconcagua, £7.99, Thresher, Wine Rack, Bottoms Up, Amazing export; Australian Peter Bright from Portugal; and Jacques Lurton from Bordeaux. Some great value, especially among Malbecs.

Dominio de Agrelo Malbec 1996 Marques de Giron, £5.99, Majestic. Spicy oak with deep, sweet fruit and perhaps just a mite too

intense. A mite too sweet for me but my chocolate-loving husband was impressed.

Siena is renowned for its unique range of ancient and elaborate sweet specialities, more dense and sweet than many I have tried, seriously chewy and voluptuously fruity, thanks to fruits and nuts of the first order chunkily cut to retain distinct individual character.

Fiore also supplies M&S with cantuccini, honeyed rusks dry biscuits studded with almonds, that look like oblique slices of focaccia bread.

Dating back to the 16th century and originating in Prato, just up the road from Siena, they are already popular with the British Chianti shire set for dunking in dessert wine or espresso. Dunking is essential to mitigate the sweetness and to protect the teeth against cracking.

To limit the sales of butcher's meat is to approach the problem too late. Good, healthy beef is born in the field; good butchery precludes the need to take such draconian measures once the animal is slaughtered.

When Donnelly started work a generation ago, only about 50 per cent of the beef sold by British butchers was home-grown. It became practically all British. Increased production was the result of genetic engineering, altering the shape and accelerating the maturity of cattle in order to get faster and bigger returns.

The evil use of sheep carcasses in feed was merely part and parcel of this: fiddling with nature in the interests of cheap meat.

Egg on by the consumer and the supermarkets, the irresponsible farmer bad taken all the short cuts.

I called B&M's supplier, the Devon farmer Adrian Dow who runs an organic farm and shop. It was just one more tumble to the surface cracks to a decorative crazy paving. I was distressed to see the high percentage rejected as unsaleable by the girls who made them but a stylised appearance is apparently paramount.

Each year a regional cookery contest is held to find the pastry cook who produces the most beautiful tray of them. This is baking as art, a supremely edible art.

Beef / Giles MacDonogh Lament for the great British roast

I was in France on Wednesday, buying fat duck livers from wooden stalls festooned with plum birds in the little market in Condoum in Gascony.

It was such a relief after all the neurotic hypersensitivity over meat, to find oneself among jocular market people, and to listen to their homespun advice on how to cook, serve and appreciate a terrine of foie gras.

Real life, as lived in Britain, dawned on me with Thursday's FT; no more beef on the bone, no foie gras, no oxtails, no T-bone steaks, and (almost worse), no beef stock.

How does the gourmand react to such news? In my case I crossed the road to B&M, my local organic butcher in London's Kentish Town Road, and promptly asked Ken Donnelly for a rib for Sunday.

He had had no directives, nor had Smithfield Market. For the time being, everything was normal. He thought he might be able to carry on supplying me with oxtails until January.

The government was panicking again, harassed by animal rights people and anxious to restore the export trade, they had lashed out against the risks posed by an estimated three contaminated beasts, out of a total of 2.2m slaughtered every year.

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Finally, a discovery for me, ricciarelli, another aged Siennese speciality exquisitely confectioned by Fiore. An intensely almondly combination of chopped almonds and almond paste, ricciarelli boast a courdoy quality, cut into lozenge shapes, sugared and haled till the surface cracks to a decorative crazy paving. I was distressed to see the high percentage rejected as unsaleable by the girls who made them but a stylised appearance is apparently paramount.

Each year a regional cookery contest is held to find the pastry cook who produces the most beautiful tray of them. This is baking as art, a supremely edible art.

I am lucky. For as much as a third of the year I am away, sampling the markets and cooking of a dozen different countries.

I shall now relish the chance to go to Rome and order the famous oxtails in Milan; or the huge marbled beefsteaks of the new world; or the rich, greasy-fed steaks I get over the water in Ireland.

But this is not the point. These precipitate announcements are made law. I shall still lament for the rest of my life, the passing of one of the choice cuts of Britain's native culture.

was caused by politicians who could not grasp the science and scientists who could not understand the political implications of what they said. No one could say where it would end. "Why, you can kill yourself with cigarettes or with drink," Macphie looked at the eve again: "Will it be just beer?" he asked.

So is it goodbye to the roast beef of old England? What is to become of the carveries? Or the great roast in its trolley wheeled around the dining room at Simpson's-in-the-Strand, the cynosure of grill rooms up and down the land?

Bones are the foundation of all brown stock or estoufade, itself the basis for countless sauces which we all take for granted; which we all assume will be dished up when we go out to a restaurant for a good meal.

With one fell swoop our native culinary heritage is

I shall relish the chance to go to Rome and order the famous oxtails'

sapped. The beef joint will now be as tasteless as the French rôti: unhung, tough and boneless, wrapped in pig's fat, and lacking the flavour which derives from the generous bone. Think hard, if you have not considered the implications: oxtails or marrow bones, those great, warming, life-giving and enhancing winter staples, are no more.

Britain also has a foreign restaurant culture to think of, too: the veal chop and osso buco at the Italian restaurant, the ribs and T-bone steaks at the American. These are also threatened with extinction, as a result of a move which is possibly a hasty overreaction, much like that which wiped out most traditional unpasteurised British cheeses in the wake of the listeria scare in 1989.

I am lucky. For as much as a third of the year I am away, sampling the markets and cooking of a dozen different countries.

I shall now relish the chance to go to Rome and order the famous oxtails in Milan; or the huge marbled beefsteaks of the new world; or the rich, greasy-fed steaks I get over the water in Ireland.

But this is not the point. These precipitate announcements are made law. I shall still lament for the rest of my life, the passing of one of the choice cuts of Britain's native culture.

Tassinai 1995 Tenuta del Terriccio, £16.95, L&S. Very ambitious and rich from Tuscany for drinking now and in the next century. Compares favourably with most claret available at the same price, albeit with quite a different, more sculpted, structure.

Bonarda Serraballe 1996 Cigliuti, £8.95, ABA. Delightfully fruity oaked Barbera. Great with charcuterie.

Castelrapido 1992 Monteljori, £9.95, ABA. Appetisingly fruity oaked Barbera.

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INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITIONS

Rijksmuseum
Tel: 31-20-673 2121
 ● Medieval illustrated histories; the Hausbuch and its Master. Drawings, prints and a panel painting by the Master of the Amsterdam Cabinet, including the 64 sheets of the Hausbuch, illustrating court life in the late Middle Ages. The book has temporarily been taken apart for restoration, providing this unique opportunity to view it in this way; to Jan 18
 ● On Country Roads and Fields: tracing the development of Dutch landscape painting through the 18th and 19th centuries, this exhibition starts with the idealised visions of De Moucheron and Van Huysum, includes examples of The Hague School post-1860, and concludes with turn-of-the-century works by Van Gogh and Mondrian; to Mar 3

OPERA

Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8011
Dialogues des Carmélites: by Poulenc. New production conducted by Yves Abel in a staging by Robert Carsey. Cast includes Joan Rodgers and Sheri Greenawald; Dec 7, 10

BARCELONA

EXHIBITIONS

Fundació Joan Miró
Tel: 34-3-329 1908
www.bcn.jmri.es
 Alexander Calder: centenary celebration of work by the maker of mobiles. The show focuses on his close relationship with Miró; to Feb 15

BERLIN

DANCE

Deutsche Oper
Tel: 49-30-34384-01
 Deutsche Oper Ballet: Rosalinde, choreographed by Ronald Hynd to music by J. Strauss; Dec 11

OPERA

Deutsche Oper
Tel: 49-30-34384-01
Die Zauberflöte: by Mozart. Staged by Günter Krämer, with sets and costumes by Andreas Reinhardt; Dec 7, 9, 12

BOLOGNA

OPERA

Teatro Comunale
Tel: 39-51-529 999
www.nettuno.idbo/teatrocumunale
Turandot: by Puccini. Revival conducted by Daniele Gatti in a staging by Hugo de Ana; Dec 6, 7, 9, 11

BONN

EXHIBITIONS

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1200
 Kunsthalle Bremen: selection of important works including paintings, sculptures and copper engravings from the collection of the Kunsthalle Bremen. Ranges from 17th century Dutch painting to modern photography; to Jan 11

CHICAGO

OPERA

Lyric Opera of Chicago
Tel: 1-312-532 2244
www.lyricopera.org
Amistad: world premiere of Anthony Davis's new work about the 19th century anti-slavery campaign. Dennis Russell Davies conducts a production by George C. Wolfe; Dec 8, 11

CLEVELAND

EXHIBITIONS

Cleveland Museum of Art
Tel: 1-216-421 7340
www.cleveland.org
When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 64 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Including the most important known "cloth of gold"; To Jan 4, after which the exhibition will travel to New York

COPENHAGEN

EXHIBITIONS

Louisiana Museum of Modern Art, Humlebaek
Tel: 45-4919 0719
www.louisiana.dk
 Alberto Savinio, Paintings 1927-1952: around 80 still lifes, landscapes and mythological compositions by the relatively unknown brother of de Chirico. His work combines abstract and figurative elements, and in many ways parallels de Chirico's own; to Jan 11

EDINBURGH

EXHIBITIONS

Scottish National Portrait Gallery
Tel: 44-131-624 6200
 Portraits of Excellence: a series of photographs of distinguished academics at the University of Edinburgh, commissioned according to an 18th century University tradition; to Feb 1

FRANKFURT

EXHIBITIONS

Schloss Kunsthalle
Tel: 49-69-299 8820
Holy Russia: icons and the Rise of Moscow 1400-1600. 50 rarely exhibited icons lent by Russian museums are the centrepieces of this exhibition, which also includes 16



'Standing Man', by Filippo Lippi, one of the drawings on display in an exhibition at the Metropolitan Museum of Art, New York

manuscripts. The period was a crucial one, which marked the rise of Moscow as a principality ruled by powerful Tsars. Its architecture and art reflect this shift, and illustrate a remarkable synthesis of Renaissance ideas with traditional Byzantine forms. To Mar 1, after which the exhibition will travel to London

HOUSTON

EXHIBITIONS

Museum of Fine Arts, Houston
Tel: 1-713-639 7750
The Dark Mirror: Picasso, Photography and Painting. More than 300 works, the majority of them photographs, which will illustrate the relationship between the various media in which Picasso worked. The display includes studies of works in progress, self-portraits, and photographs of Rousseau and Bracque. The exhibition has been seen in Paris and will travel to Japan; to Feb 1

LONDON

CONCERTS

Barbican Hall
Tel: 44-171-638 8891
 Sarah Chang: recital by the violinist of a programme including works by Strauss and Brahms. With pianist Charles Abramovic; Dec 7

EXHIBITIONS

Barbican Centre
Tel: 44-171-638 8891

● Don McCullin - *Sleeping With Ghosts*: major retrospective of work by the photo-journalist which spans his career from 1959 to the present. Includes prints drawn from the major stories he covered, and more recent still lifes and landscapes; to Dec 14

● James Ensor 1860-1949: more than 140 works by the Belgian expressionist. Includes early studies of Ostend, portraits of the artist's family and friends, and the carnival paintings for which he is best known; to Dec 14

Hayward Gallery

Tel: 44-171-261 0127

www.hayward-gallery.org.uk

Objects of Desire: The Modern Still Life. Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen in New York; to Jan 4

National Gallery

Tel: 44-171-839 3321

Making & Meaning: Holbein's Ambassadors. This recently cleaned double portrait by Hans Holbein the Younger pictures two French ambassadors to the court of Henry VIII in 1533. Presented alongside are drawings and miniatures, and objects relevant to the painting's political and religious background; to Feb 1

National Portrait Gallery
Tel: 44-171-3060055

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Weekend Investor

Wall Street

All eyes look to corporate earnings

Next month's figures will show the effects of Asia's crisis, writes John Authers

Unreality is in the air of downtown Manhattan. While Asian economies continued their frightening downward rush this week, the most talked-about financial story was the messy divorce settlement hammered out for the chief executive of General Electric Capital.

On Monday, the news of a bail-out for South Korea, one of the world's biggest economies, was juxtaposed with a rally which took the benchmark Dow Jones Industrial Average back above the 8,000 mark for the first time in two months.

While equities are still not quite back at their highs, they are getting close. Barely a month later, the horrors of the last week of October seem only a bad memory.

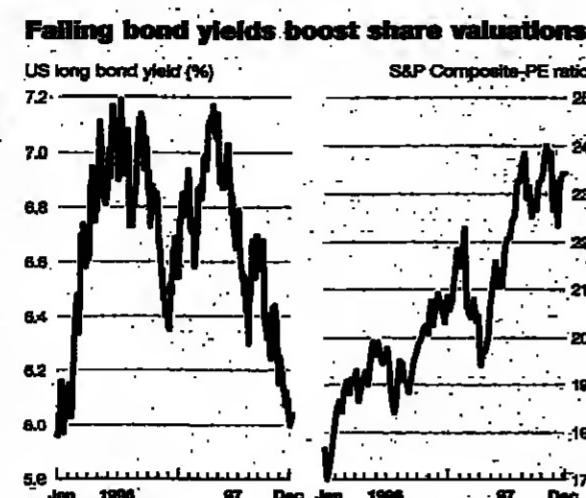
The week also brought news that market authorities had decided against radical changes to the "circuit-breakers" which forced the New York Stock Exchange to close twice in October - first, after the Dow had fallen by 350 points, and again when it had fallen by 550 points. There will be changes, but they will be only minimal. The safeguards against another rush of selling remain broadly in place.

Bid rumours continued to whizz around Wall Street as though nothing had ever happened. Wells Fargo's shares buzzed up by 5 per cent after an anodyne comment by its chief executive that he would look at takeover offers if it would be illegal for him to do otherwise, while shares in Ascend Communications, a networking company, enjoyed a similar run.

Does this mean Wall Street has taken leave of its senses? Not necessarily, but there are still reasons for concern.

Asset allocation provides a powerful support for the equity market, and appears to provide an effective crutch against the oft-predicted sudden tumble in share prices. But economic and corporate fundamentals also apply strong brakes on any attempts to regain the bullish momentum seen in recent weeks.

US equities' most stalwart ally is the bond market. The



most important landmark of the week, although one of the least heralded, came on Thursday morning when the yield on the 30-year Treasury long bond dipped briefly below 6 per cent. It stayed at this level for only about an hour before profit-taking ensued.

Yesterday's unemployment figures, further strengthening the labour market - and, by implication, increasing the risk that the economy would overheat - then pushed the yield back above 6.1 per cent. But the fundamental strength of the bond market persists, and provides invaluable support for equities.

Oddly, dealers may have the Asian crisis to thank for the strong bond market. The latest economic data would have made a monetary tightening by the Federal Reserve a near certainty if there had not been speculation that falling demand from Asia would impose a deflationary drag on the US.

Supply effects may also be at work. While, at first, there was speculation that Asian investors would need liquidity and might be forced to sell their large US bond holdings, the effect could almost be working in the opposite direction, with treasuries benefiting from an international "flight to quality".

None of this means we should expect a return to barn-storming rises in equity prices, though. The bond market rally might already be petering out, and certainly cannot be expected to persist for long.

Then, too, corporate funda-

mentals are another fly in the ointment. The bull market of the past three years has been aided by truly phenomenal growth in the high-technology sector. Several factors - not all of them emanating from south-east Asia - suggest this growth cannot be relied upon to continue.

Intel, the world's largest semiconductor manufacturer and the market's bellwether stock of recent years, is still trading about 20 per cent below its highs set in late summer. 3Com, the networking company, which started the year trading at above \$80, is now resolutely below \$40. On the face of it, there is little fuel in Silicon Valley for a renewed bull market buying spree.

Of course, growth has not been restricted to the high-tech sector, and corporate earnings more generally provide the key to the direction of the market for the next few months. Next year is expected to be slower than this, and this quarter is expected to be weaker than its predecessors, but there is great uncertainty about the precise numbers.

Next month's season of corporate earnings announcements, which will provide the first conclusive evidence of the effect of the Asian crisis, now looks very important.

Dow Jones Ind Average

Monday 8,013.11 + 18.98

Tuesday 8,018.83 + 5.72

Wednesday 8,032.01 + 13.18

Thursday 8,050.16 + 18.15

Friday

Relax. It was all a bad dream. You thought that share prices had dipped sharply and the bull market was under threat. But take a look in the paper. The FTSE 100 index is back above 6,000, just like it used to be.

There has been a quite astonishing change of mood in London.

The worries about global deflation, or indeed, of UK inflationary pressure, which hit equities in October, seem to have been put to the back of investors' minds.

Two of the market's favourite standbys - takeover activity and share buy-backs - helped to do the trick. Back at the start of October, there was a wave of merger activity across Europe, with many analysts speculating that the approach of a single currency was prompting businesses to seek continental economies of scale.

Bids not only drive up the prices of the companies concerned (or, at least, of the

end of October prompted a hiatus in activity. But recently the bids have started to buzz again.

The financial sector remains the favourite for consolidation, and speculation was sweeping through the insurance stocks this week, with the recently-floated Norwich Union a favoured target.

On a less grandiose scale, there are signs that some of the medium-sized corporations, struggling in the face of global competition and the strength of sterling, are being snapped up.

Watnoughs, the printing group, was on the end of an unsolicited bid from Quebecor, the second largest commercial printer in North America, this week; the chemicals sector has seen an offer for Allied Colloids and takeover talks at Holliday

drive into international markets, with the help of devalued currencies.

Another means of achieving the same end, is the share buy-back. The government's tax changes - the disappearance of the dividend tax credit and the planned abolition of advance corporation tax in 1999 - are seen as making more buy-backs likely in the long run. Reuters and GEC have jumped in early, announcing plans to hand out £1.5bn and £300m respectively.

Such corporate generosity is occurring when, according to EZW, UK institutions already have more cash than at any time since 1990. That represents a powerful source of market support.

"At some point, the pension funds which have sold back in," says Mark Tinker, UK equity strategist at UBS. With valuations also supporting the market, he sees Foothsie at 5,600 by end 1998.

One bullish fund manager is John Ainsworth, head of global equities at Hill Samuel Asset Management. He expects Foothsie to hit 6,000 by end 1998, as interest rates fall back from their peak and the UK corporate sector switches from equity to debt (ie, buys back its own shares) in order to create a more highly geared balance sheet.

On top of the helpful domestic news - which included the decision of the monetary policy committee not to raise rates - the stock market also received a lift from overseas.

This last happened at the end of April 1997, when the FTSE 100 index was 3,216.7.

That turned out to be a very good signal, indeed. Foothsie has not since ended a month below that level and, at its early October peak, was 65.9 per cent ahead of it.

After April 1997, Coppock



Awakening, Philip Coggan shakes off a nightmare

Photo: KODAK

targets) and encourage speculation about the next group in the firing line. They also return cash to shareholders, with the likely result that this money will be reinvested in the market.

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kept rising until May 1998, when it turned down, with Foothsie at 3,747.8. However, its drop was quite small and the indicator turned up again in January this year, with Foothsie at 4,275.8. Clearly, therefore, the mere fact of the indicator turning down cannot be relied on as a useful sell signal.

There still are some lingering worries about the effect of the Asian crisis on corporate earnings.

Some companies will be directly affected, in the form of a drop in sales to the region; others will take an indirect hit, as Asian corporations launch an export

drive into international markets, with the help of devalued currencies.

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There still are some lingering worries about the effect of the Asian crisis on corporate earnings.

Some companies will be directly affected

FT WEEKEND

True Fiction

The 100-year war of words

Arnie Wilson finds his literary mentor is angry at the growing sophistication of language

Lazarus Woolfson, my literary mentor, becomes unsettled every time a revised dictionary is published. He knows he must yet again acquaint himself with an ever-changing vernacular which he feels is gradually adulterating and trivialising the language from which he has scratched a living as a writer since limping back from Salomika, permanently weakened by malaria, in 1918.

"The language is becoming more and more sophisticated," he grumbled to me a day or so ago. Of course, he did not mean it as a compliment.

"Sophisticated - derived from sophistry," he said, as I sat in his gloomy and rather shabby study in London's Graze Street, swigging on my Hooper's Hooch Alcopop. "In my day it meant adulterated, impure, not genuine. And sophistication was defined as *injuring by mixture*."

I did remember something of the sort from my moderate

schooling, but even in the pre-Hovercraft days of 1958, this was merely of academic interest.

With the new millennium almost upon us, Larry is particularly anxious. At 96, little short of his personal century, he found the recent attempt by Collins Dictionaries to define the 20th century in 100 words - using keywords such as suffrage, jazz and girl guide - utterly depressing.

He sought comfort in his first edition (1898) of Chambers - a prize at Merton's School - for a nostalgic reunion with the language he loved so much he thought it would never desert him. "Look at this, Arnold," he

barked in a still-resonant baritone. (He is one of the few friends I allow to address me thus.)

"Decimate - another word that has now completed a shipshape transformation. When I started writing after the first war, it meant to take nine-tenths of, or to put to death nine in every 10 men. Today's ignoramus uses it to mean something tiny."

"Thank God for the Oxford Dictionary. At least it has the integrity to note that this usage is often frowned upon by careful users of English. But for how much longer?"

"Unfortunately, Thomas Davidson, the editor of my old

Chambers, was spot on when he wrote it was not for an editor to judge whether a word was to be added to the treasury of English, 'but merely to register such words... hence he must admit many words he would not himself use'."

"But he would have turned in his grave if he could have seen some of the ghastly words in use today." Warming to his task, Lazarus leafed through the pages. "Look at this," he said. "Air-space. What d'you think that meant in 1898?"

I shrugged.

"I tell you: it was the cubic content of a room, hospital ward or the like, with reference to

the respirable air in it."

Turning again at random, he alighted on "orient", a word of many meanings. Larry focused on the one concerned with adjusting to circumstances and told me it had a sporting origin.

Leyton Orient, the east London football club, had once been a French team called Orient, he explained. During this time, it had been hopelessly unsuccessful, provoking jokes about who put the "red" and "O" in Orient. "And this is how we got the word 'disoriented'."

Trepanning was a surprise too. "Look," said Larry. "It's also from the French: *trés* and *parer*. Very broken down. Often applied to the brain. So when they started drilling holes in skulls, it became trepanning."

A word he particularly loved as a young man was confratiate - something he did often and with a passion. The old Chambers defined it thus: "To perform, musically, with other or others; especially accompanied piano playing."

Writer, pianist: Larry was an accomplished youth. But his talents and enthusiasms were many and varied. He loved equestrianism: "A game played on horseback on a large square grid; old English equestrian game played with fence posts in a squared field or area"; he

savourd fine food and wine, especially mutton ("Meat of the chosen lamb") and corley ("fermented juice of fruits of the hedgerow").

"I haven't seen or heard of corley for half a century," said Larry. "But I believe there are some parts of the world where you can still find mutton - not that I shall be looking, with my digestion shot to bits."

I picked up the great book and alighted on "blue-stocking" - a name given to learned and literary ladies who display their acquirements in a vain and pedantic manner to the neglect of womanly graces".

"A bit sexist in your day, weren't they, Larry?"

"Sexist?" he harrumphed. "Another of your ghastly *fin de siècle* words."

"*Fin de siècle?* Larry," I said, "that means the end of the 19th century, not the 20th." Even mentors occasionally get their come-uppance (orig: hangman's entreaty to the condemned).

Metropolis

The leafy avenue and its thickening plot

Alice Rawsthorn reports on a clash between modernism and mock

With the manicured greens of Highgate Golf Course at one end, and Hampstead Heath at the other, Courtenay Avenue is one of north London's most expensive residential addresses. Its affluent residents include the Zambian high commissioner and the owner of Le Caprice, the chic Mayfair restaurant.

One of the older houses on the avenue is Blue Orchard and when it was sold a year ago, its new owners, Yoram Amiga, a successful commodities broker, and his lawyer wife, Sabina, sounded as though they would blend seamlessly into the area.

But Haringey's planners, and their peers in other boroughs, may see more projects like the Amigas' future. House design is moving up the architectural agenda, following predictions that 4.4m new households will be formed in Britain between 1991 and 2016. Amid this flurry of house-building, more people may want to construct their own homes.

Buying a plot of land to build a house is commonplace in the US. The Hollywood Hills glisten with modernist mansions designed by Richard Neutra, Frank Lloyd Wright or Frank Gehry for affluent Angelenos to whom commissioning a house from an *esprit de corps* architect is the ultimate status symbol.

Yet wealthy Britons, even those who have made their own money, tend to live in historic buildings, or in reconstructions of traditional architectural styles associated with old money.

Courtenay Avenue is typical. The first houses were built in the late 1920s, when domestic architecture elsewhere in Europe was influenced by the teachings of the Bauhaus and Le Corbusier's purist villas. Courtenay's residents plumped for the *faux* farmhouse style of the Arts and Crafts



Ron Arad's design for the Amigas: it has been called 'arrogant and insensitive' and 'imaginative and innovative'



Blue Orchard: faux farmhouse faced with demolition

trees, rather than the buildings. It was this natural, leafy beauty that attracted the Amigas. They had asked Ron Arad to design a home for them in 1995 after admiring his foyer at Tel Aviv opera house.

With paint-stained fingers and absent-minded holes in his clothes, Arad looks more like an artist than an architect, and he views architecture as a form of personal expression.

At 46, with a Royal College of Art professorship and the prestigious Tel Aviv project and the Adidas Sports Centre in France on his *curriculum vitae*, he can afford to be picky about commissions. Arad told the Amigas that he was only interested in designing houses if he was allowed to be experimental. They agreed.

Like all homes built specifically for their occupants, there is a Trollopescue *The Way We Live Now* element to the Amigas' design. The two children of Mr Amiga's first marriage would have rooms on the lower floor. The master bedroom would have an adjacent study so that Mr Amiga need never be too far from his trading screen. The bedrooms

of the children by his second marriage would be on the floor above.

Ron Arad completed the design this spring and it was submitted to Haringey Council, where Courtenay Avenue's residents could inspect it. John Seifert, an architect living in a mock-medieval house opposite Blue Orchard, circulated a letter criticising Arad's "arrogant and insensitive" design, likening it to "a broken egg". He asked his neighbours to sign a petition of protest and almost all of them did.

The Amigas invited the residents to Blue Orchard to discuss their plans in detail. Only four people turned up. One of them subsequently withdrew from the petition and another wrote to Haringey council qualifying the original complaint.

Arad and the Amigas had more luck with the architectural and heritage establishment. The Twentieth Century Society, the custodian of the century's architectural treasures, has informed Haringey that it sees no reason to oppose Blue Orchard's demolition.

And after dispatching members of its London Advisory Committee to inspect the site, English Heritage voted unanimously in favour of supporting Arad's "imaginative and innovative" design.

Haringey's planners now face the tricky task of balancing the various arguments for and against the Amigas' proposals. Whatever they decide will set an important precedent not only for Haringey, but for any other boroughs that may have to assess similar proposals in the future.

It is also bound to influence other affluent Britons who, like the Amigas, might like to commission a futuristic home from a contemporary architect but are deterred by the threat of planning battles.

As for Yoram and Sabina Amiga, they must decide whether they want to become neighbours of the people who have mounted such a campaign against them.

If not, they do at least have the consolation that they could sell at a profit. According to local estate agents, the asking price for a house such as Blue Orchard has risen by a couple of hundred thousand pounds in the year since the Amigas bought it.

Arcadia

Where buffalo meets motorcycle

Jeremy Grant reports on how Vietnam's march to modernisation is trampling on peasant life

Just a few minutes out of Hanoi, where the motorcycle traffic thins and the buffalo carts take over, two worlds are colliding.

On the right-hand side of the road is the vast Orion-Ramel electronics factory, a joint venture between Daewoo and the Hanoi municipal council. A guard tower measures visitors at the entrance gate. Inside, shiny black limousines are parked neatly by a clipped grassy verge. Not a soul is about.

On the other side of the road, the rice fields of Gia Thuy commune remain much as they have been for centuries, marred only by the occasional advertising billboard that has taken root alongside the lush green paddy. Chickens chuck and scrape in the narrow, walled lanes that separate each household. An old woman in a traditional conical hat rakes straw drying on the path. She smiles, revealing a row of teeth stained with the brick red of betel nuts.

Here on the city fringes, is the ruling Communist party's crude vision of progress.

"Industrialisation and modernisation", satellite technology, computers and smokestacks. Propaganda posters, in socialist realist style,

portray electricity pylons, satellite dishes and factories looming behind model citizens, the man in a western suit and matching tie; the woman in the flowing traditional *ao dai*. (No one seems to notice the irony: satellite dishes are banned in Vietnam, except for official use.)

Underpinning the drive is the Communist party's desire to ensure Vietnam is not left behind in the race for economic prosperity in Asia - a vision unimpaired despite the recent regional economic turmoil.

"We want quickly to have electricity, roads, a water system and communications and colour televisions," said an excited Do Muoi, party general secretary, recently.

But turning that vision into reality will not be easy. The gap between urban rich and rural poor has widened to a chasm.

And the party's push for growth has already started to disrupt

communities, many of them only a few kilometres outside the city limits, that cling to deeply rooted ancestral rights.

Farmers, who make up 80 per cent of the population, still respect those rights, complicating land tenure in a country where the party says all land is owned by the state.

Early this year, hundreds of rock-wielding peasants battled with police in maize fields between Hanoi and the city's airport in a bid to stop an army crew ploughing up their fields for a golf course, planned by Daewoo.

Exasperated by the lack of channels for redress of grievances - trust in state institutions is almost nil - they had erected a sign at the village gate appealing directly to the prime minister, much as a community might have appealed over the heads of local mandarins to the emperor centuries ago.

As the bulldozers advance and the rural population swells, the danger of further unrest grows. Cultivable land is shrinking at an alarming rate. According to the United Nations Population Fund, 13 people share one cultivated

acre, after they fled to Britain from Nazi Germany. In spite of this, Courtenay Avenue has remained a bastion of architectural traditionalism.

Whenever any of the original houses were rebuilt or remodelled, their owners reconstructed them in mock-medieval, neoclassical, mock-Gothic or other pastiche of the past. When the avenue became a conservation area, it was to protect its ancient

trees, rather than the buildings.

It was this natural, leafy beauty that attracted the Amigas. They had asked Ron Arad to design a home for them in 1995 after admiring his foyer at Tel Aviv opera house.

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Tran Thi Hien's family is perhaps lucky. But for millions of others in the countryside, where "industrialisation and modernisation" means little to farmers battling poverty, taxes, debt and the capricious controls of local officials, the vision of the future could be very different.

Echoes of that vision can be found in the writing of Tran Van Mai, whose account of peasant life in Thanh Binh province half a century ago - entitled "Who Committed This Crime?" - was banned by French colonialists.

In it, he wrote: "Behind the green bamboo groves and next to families who every minute and second wrestled with death, there were still people who led a life of velvet and silk with all the conveniences and pleasures of time."

He told JG what made him write it: "I wanted to tell the story of the people who were forced to leave their homes and go to the cities to work in the factories."

detached 1520